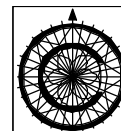




## **ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROGRAM**



CHEMONICS

## **SECOND QUARTERLY REPORT JUNE TO AUGUST 2002**

Submitted by:  
Chemonics International Inc.

For:  
Albania Small Business Credit and Assistance Program  
Contract Number 182-C-00-02-00102-00

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## Contents

<b>1. HIGHLIGHTS OF ACHIEVEMENTS TO DATE.....</b>	<b>4</b>
<b>2. SPECIFIC ACTIVITIES.....</b>	<b>5</b>
<b>2.1 PHASE ONE: PROJECT INSTALLATION .....</b>	<b>5</b>
Activity One: Physical Project Installation .....	5
Activity Two: Develop One Year Work Plan .....	5
Activity Three: Review and Select Target Clusters .....	5
Activity Four: Finalize Grant and TA Agreements and Grant Manual with PSHM .....	6
Activity Five: Finalize Agreement and Subcontract with RDA .....	7
Activity Six: Hire CI Local Staff.....	8
Activity Seven: Develop Promotional Brochures to Promote Project.....	8
Activity Eight: Kick-off Event .....	8
Activity Nine: Create Website.....	8
Activity Ten: CI Reports on Performance to USAID.....	8
<b>2.2 PHASE TWO: IMPLEMENT TRAINING PROGRAM.....</b>	<b>9</b>
Activity One: Evaluate RDA Structure, Staffing, Training Capacity and Physical Facilities.....	9
Activity Two: Determine Training Needs in Selected Clusters .....	9
Activity Three: Review/adapt/develop Training Modules/Curricula .....	10
Activity Four: Train RDA Trainers/Orient Regarding Specific Sub sectors .....	10
Activity Five: Jointly Conduct Practice Training of Business Owners/Managers/Staff .....	11
Activity Six: RDA Organizes and Trains Clients.....	11
Activity Seven: CI and PSHM Trains RDA on Business Planning and Loan Requirements.....	11
Activity Eight: RDA Provides Business Counseling.....	12
Activity Nine: RDA Reports on Performance .....	12
<b>2.3 PHASE THREE: IMPLEMENT DIRECT CREDIT PROGRAM .....</b>	<b>13</b>
Activity One: Finalize and Approve Pre-award Grant Activities .....	13
Activity Two: Refine Loan Product .....	13
Activity Three: Develop Loan Criteria and Submit to USAID for Approval.....	13
Activity Four: Orient and Train PSHM Loan Officers Regarding Production Sector and Targeted Sub sectors.....	14
Activity Five: Implement Loan Program.....	14
Activity Six: PSHM Reports on Performance .....	14
<b>2.4 PHASE FOUR: IMPLEMENT CREDIT GUARANTEE PROGRAM.....</b>	<b>15</b>
Activity One: Develop Loan Guarantee Concept.....	15
Activity Two: Promote Concept to Commercial Banks .....	15
Activity Three: Orient Bank Boards.....	16
Activity Four: Select Guaranteed Lending Partners .....	16
Activity Five: Train Commercial Bank Lending Officers.....	16
Activity Six: Set-up Referral System among RDA, PSHM and Others.....	17
Activity Seven: Execute Loan Guarantee Agreement and Deposit Funds .....	17
Activity Eight: Implement Loan Guarantee Program.....	17
Activity Nine: Partner CBs Report on Performance.....	17

<b>3.</b>	<b>ANTICIPATED ACTIVITIES FOR THE PERIOD SEPTEMBER – NOVEMBER 2002.....</b>	<b>18</b>
	Phase One: Project Installation.....	18
	Phase Two: Implement Training Program.....	18
	Phase Three: Implement Direct Credit Program .....	18
	Phase Four: Implement Credit Guarantee Program.....	18
<b>4.</b>	<b>QUARTERLY FINANCIAL UPDATE.....</b>	<b>19</b>
<b>5.</b>	<b>ANNEXES.....</b>	<b>20</b>

## **1. HIGHLIGHTS OF ACHIEVEMENTS TO DATE**

The following achievements were made in the quarter from June to August 2002:

- Cluster workshops for RDA's and PSHM were held in June 2002;
- First fixed price subcontracts (FPSC) issued to RDAs in July 2002;
- PSHM Grant Technical Assistance Agreement and Grant Manual approved by USAID and signed by PSHM and CI on August 16, 2002;
- Costing model implemented at nine RDAs during August 2002;
- Grant Agreement, equipment purchases and FPSC mechanisms agreed with the RDA National Coordination Center (RDA-NCC);
- Project brochure designed and printed;
- Kick off event held on July 24, 2002;
- Project web site established;
- First cluster training plans completed;
- First five clients received business counseling;
- Loan pre-qualification system agreed between SBCA and PSHM;
- Twenty-nine loan applications submitted and twenty-four approved;
- Nine loans disbursed valued at \$ 85,000 by August 31, 2002;
- Bank selection criteria completed;
- National Commercial Bank (BKT) selected as partner bank; and
- Loan guarantee agreement between BKT and PSHM completed.

## **2. SPECIFIC ACTIVITIES**

Completion of, or progress to date, in relation to the phases in the work plan submitted to and approved by USAID:

### **2.1 PHASE ONE: PROJECT INSTALLATION**

#### **Activity One: Physical Project Installation**

- During the first and second quarters, the SBCA Project has purchased most of its equipment and furniture. The Project will maintain accurate records of equipment and furniture purchases. Therefore, following instructions from the Chemonics International (CI) Washington office, all items have been registered, labeled and entered into a (Microsoft Access) database. The database enables the project to generate reports by item value and category. Every item can be traced back to the original purchase invoice.
- During the second quarter the Project has set up a document management and recording system. Any incoming or outgoing document, considered to be important to the project (including e-mails) is stamped, numbered, recorded in the protocol register and filed. The SBCA filing system still needs further refinement to better adapt to project needs.
- The problems experienced with the leaking office roof may now be resolved after the field office informed the landlord that rent would be withheld until the roof had been repaired. If not, the Project must be relocated.

#### **Activity Two: Develop One Year Work Plan**

This activity has been completed as described in the first SBCA quarterly report.

#### **Activity Three: Review and Select Target Clusters**

- Following on from the first cluster workshop held on May 16, our ST Expert, Bill Kedrock, held a follow-up workshop on June 18. This workshop included: introducing the Regional Development Agency (RDA) directors to more advanced cluster identification techniques; the main elements of good cluster maps; assessing cluster strength and identifying cluster activities; cluster intervention; and the criteria and process of identifying SMEs within a cluster. A copy of the contents page of Bill Kedrock's report and his Scope of Work (SOW) is shown in **Annex 1**. The full report is available separately.
- The clusters analyzed in the first two quarters of the Project are shown in the table below. Each RDA identified a key productive-sector cluster that has a potential impact on the economic growth of its region. The RDAs reported on their chosen cluster and submitted it to the SBCA project office by July 29, 2002. The individual RDAs that conducted each cluster survey and the responsible SBCA team member are also shown in the table.

- In order to transfer payment for the cluster analysis, nine ‘work schedules’, in the form of fixed price sub-contracts (FPSCs), were issued to nine RDAs through the RDA National Coordination Center (NCC) in July, 2002. Kruje RDA was not considered ready to be given a work schedule at this stage of the Project.
- The deliverables in these work schedules (FPSCs) focus on cluster selection and the analysis of SMEs operating in the selected clusters. A copy of the FPSC issued to Shkodra RDA is shown in **Annex 2**.

**Table 1: First Selected SBCA Clusters**

<i><b>RDAs (Responsible SBCA Person)</b></i>	<i><b>Clusters</b></i>
Tirana (Ines Dika)	Scrap Metal
Durres and Vlora (Ines Dika)	Fishing
Elbasan (Anila Arapi)	Wood Processing
Shkodra (Ines Dika)	Medicinal Herbs & Spices
Fier (Anila Arapi)	Seedlings
Gjirokastra (Anila Arapi)	Bee keeping
Korca (Erald Kanini)	Textiles & Carpets
Berat (Anila Arapi)	Olive processing

N.B. All the above were the subject of FPSCs

- A report on the scrap metal cluster prepared by SBCA staff based on material submitted by the Tirana RDA is shown in **Annex 3**. The SBCA Staff is summarizing all the clusters in a similar format.
- Further work will need to be done on the wood processing and textiles and carpets clusters to determine if we should continue working with them or if they should be redefined. All the clusters listed in table 1 above will be under regular review. New clusters will be added (e.g. SBCA is now looking at insulation in the construction sector, and milk collection within the dairy industry) and others dropped if the Project can only have minimal impact upon those clusters.

#### **Activity Four: Finalize Grant and TA Agreements and Grant Manual with PSHM**

- Draft versions of the Loan Agreement, Technical Assistance Grant Agreement and the Grant Manual were finalized between Partneri Shqiptar në Mikrokredi (PSHM) and SBCA on May 16, 2002. The drafts were sent for approval to CI on the same day. On May 17, SBCA received comments back from CI Washington and, after further discussion between CI field and head offices, the final versions were sent to USAID on May 28. Final approval was received from USAID Budapest on August 5. The agreements between PSHM and CI were formally signed at the SBCA office on August 16, 2002.

**Activity Five: Finalize Agreement and Subcontract with RDA**

- After consultation and discussion between SBCA, RDA and CI Washington, it was decided that support to the RDAs should be provided through three mechanisms. Direct support to the RDA National Coordination Center (NCC) will be in the form of a grant, RDA equipment purchases will go through the normal project expenditure system, and Project generated work done by the RDAs will be issued through individual fixed price sub-contracts.
- The RDA grant agreement is ready for signing conditional upon the establishment of an office that is clearly separate from the Tirana RDA, and the hiring of an (SBCA approved) full time NCC coordinator. The NCC Director is Mr. Ilir Rembeci, the Director of Tirana RDA. A suitable adjacent office has now been identified and approved by the SBCA. As soon as the Project has sight of the rent agreement money can be transferred from SBCA to the NCC. An indicative annual budget for the NCC, based on monthly operating costs of \$900, is shown in **Annex 4**. The grant agreement includes the provision, by RDA-NCC, of monthly performance reports and grant expenses reports. It is expected that the RDA-NCC Director should fulfill the above conditions within the first half of September 2002. A copy of the Grant Agreement and reporting formats is shown in **Annex 5**.
- Equipment purchases for the RDAs are based on the individual requirements of each RDA as agreed and approved by SBCA. The main emphasis will be on ensuring a regular supply of electricity. At least four of the RDAs (Durrës, Vlora, Berat and Shkodra) suffer from power outages during the normal working day. Other items, such as computers and training equipment, have also been requested by the RDAs. The average equipment purchase for each RDA is \$5,000. It is expected that the first equipment will be procured in October 2002.
- Each FPSC is supported by a detailed work schedule, which includes goals, deliverables, the cost of the deliverables, and the overall cost of the contract. In order to determine the price of each FPSC, SBCA needed to know the cost structure of each RDA so that daily and hourly rates could be calculated. The SBCA has developed a costing model, with the full cooperation and support of the NCC and RDAs, which has already been implemented in 9 of the RDAs. The costing model is based upon the historic costs of each RDA, and projected chargeable man/days over a one-year period. SBCA will audit and approve each cost model at six-monthly intervals, as the agreed hourly/daily rates will be used in the calculation of all future FPSCs/work schedules issued to the RDAs. Important elements of each work schedule are the level of fees charged to SMEs for training and business counseling, and the amount recovered from SME clients as a proportion of the total cost of the work schedule. A sample of a fixed price sub contract (based on agreed daily rates), its related work schedule, and the costing model for that RDA are shown in **Annex 6**.

### **Activity Six: Hire CI Local Staff**

- As reported in the first quarterly report, all local CI Staff have been hired. The organization structure is under continuous review and will be adapted to changing Project needs.

### **Activity Seven: Develop Promotional Brochures to Promote Project**

- A promotional brochure was designed in the SBCA and was printed in time for distribution at the Kick-off Event (see Activity Eight below). A version of the brochure is presented in [Annex 7](#). It is currently under review. The revised version will include reference to SBCA's proposed fourth partner, the National Commercial Bank (BKT), further discussed in Phase Four, activity 4, below.

### **Activity Eight: Kick-off Event**

- The Kick-off Event was held on Wednesday, July 24. The reception took place at the Grand Hotel followed by a buffet lunch at SBCA offices. The event brought together representatives and key officials from USAID, international donors, banks and other financial institutions operating in the field of SME Development in Albania. A list of invited participants is shown in [Annex 8](#). Of the 75 people invited, 45 attended and another 22 attendees replaced the original invitees. Unfortunately, Albanian Government invitees were unable to attend, as July 24 was also the day the new Albanian President was elected.
- Opening remarks were made by Mr. Jeff Houghton SBCA-COP, followed by speeches from: Mr. Robert Posner, USAID Contracting Officer for the SBCA Project; Mr. Harry Birnholz, USAID Mission Director in Tirana; Mr. Ilir Rëmbeci Director of Tirana RDA and the RDA National Coordination Center; and Mr. Jim Reiff, Chief Executive Officer of PSHM.
- Despite the Presidential election, the project was well reported in the Media and resulted in valuable publicity for the Project. It also resulted in a visit from the Albanian tax authorities. They had seen the Kick-off event on the television news. The project has a video recording of the event.

### **Activity Nine: Create Website**

- A project website has been created at '[sbca-project.org.al](http://sbca-project.org.al)'. All SBCA employees now have e-mail addresses operated from this site. A list of e-mail addresses is provided in the [Annex 9](#). A Project web page will be developed in the third quarter.

### **Activity Ten: CI Reports on Performance to USAID**

- This CI report covers the period from June to August 2002. The completed Performance-Based Management Task Schedule is shown in [Annex 10](#).



## **2.2 PHASE TWO: IMPLEMENT TRAINING PROGRAM**

### **Activity One: Evaluate RDA Structure, Staffing, Training Capacity and Physical Facilities**

- As reported in the previous quarterly report a preliminary evaluation of the RDAs has already been made. SBCA received a written request, from the RDA-NCC (on September 5, 2002), for generators, batteries and equipment for the RDAs.
- The RDA directors and SBCA staff have now reviewed the curricula and training modules of each RDA. An action plan describing changes to the training material will be completed in the third quarter.
- SBCA has met with other projects that provide training to SMEs. These include SEED, Land O' Lakes, and the Harry Fultz Foundation. Joint activities are already underway with the latter two projects.

### **Activity Two: Determine Training Needs in Selected Clusters**

- Preliminary training needs have already been determined for the scrap metal, beekeeping, Dairy (milk collection), herbs and spices and fishing clusters. Training on these five clusters will be conducted from September 2002 to January 2003. In early September SBCA will be meeting with Fier and Berat RDAs to prepare training and consulting plans for the olive processing, and ornamental plants and fruit seedlings clusters.
- The SBCA has identified an anchor business in the scrap metal cluster. It is a Shijak-based company that has purchased a second-hand Italian mobile compressor capable of handling up to 100 cars per day. The Project has encouraged the company (InterGas) to obtain a license from the Ministry of Industry. Talks have also been held with Kurum International Sh.p.k, the only scrap metal smelting facility in Albania. SBCA is working with the Harry Fultz School to develop and deliver training to selected scrap processors and dealers. The Albanian Institute of Transport Studies (ITS) has agreed to issue qualifying certificates to scrap dealers that have completed approved training programs. Mr. Robert Posner from USAID and the SBCA COP met with the Albanian Minister of Economy, Mr. Arben Malaj, to discuss scrap metal issues. These included: the effects of an export ban on scrap; defining an abandoned vehicle; and, how to pay scrap dealers for collecting the abandoned cars currently littering the Albanian countryside. The SBCA COP will hold further discussions with Mr. Andi Nano, the Secretary General at the Ministry of Economy.
- Using the cluster model developed by Gjirokaster RDA beekeeping activities will also be researched by other RDAs. The head of the Albanian National Beekeeping Association, Mr. Kristaq Thomo has provided a training module prepared by his association. Mr. Thomo also introduced Elbasan RDA to a honey processing and packaging company that is looking to borrow around \$40,000. This is a key anchor business for the beekeeping cluster. Vlora RDA has also introduced to PSHM another potential client that wants to borrow \$18,000 for a wax production line. To date neither client has submitted a loan request.

- SBCA is working closely with Land O' Lakes (LOL) on the Dairy cluster. After discussion and consultation with LOL it was decided to focus on milk collectors, small milk processors, and dairy farmers where there is an identified need for credit and training.
- IFDC has been working with herbs and spices producers in Albania for a number of years. SBCA are cooperating with IFDC on training activities. SBCA will be providing general business training for herbs and spices producers and IFDC will deliver marketing and more specific technical training. IFDC has introduced a processing client from Lezhe that needs to borrow to replace equipment damaged by a fire in 2001. Shkodra RDA referred Zef Keqaj, a medicinal herbs processor, to PSHM. He has already submitted a loan application.
- The fishing cluster includes sea and lagoon fishing. Initial training needs have been determined. SBCA is cooperating with the Fishing Boat Owners Association set up under IFDC's trade association support component. A Durres fisherman, Alfred Laska, was interviewed by the SBCA on June 6. He has since applied for a loan from PSHM. Vlora RDA is providing counseling to two fishing cluster clients. The first, Hysen Mani, is the owner of a mussels growing business Saranda. The second, Filip Paco is the owner of a lagoon fishing operation in Narte near Vlora. The "Mani" company needs counseling on loan application procedures, business plan preparation, equipment procurement, and general management techniques. This will involve working with the owner, the laboratory technicians, the finance manager, and the marketing manager. The "Paco" company needs counseling on licensing procedures, costing and finding new markets.

#### **Activity Three: Review/adapt/develop Training Modules/Curricula**

- The RDAs have already developed a number of appropriate training modules and curricula. The SBCA has reviewed these modules and has made suggestions and changes to make them more appropriate for agribusiness and other target cluster clients.
- Working with other projects and the RDAs the SBCA has developed additional training modules for women in business. Training modules reviewed so far are shown in **Annex 11**.

#### **Activity Four: Train RDA Trainers/Orient Regarding Specific Sub sectors**

- The systematic training of RDA trainers will start in the fourth quarter of 2002.
- Vlora and Gjirokastra RDA Directors have organized meetings with the Land O' Lakes technical staff to review the training module and determine trainer needs for the milk collecting sub sector. They are holding a one-month workshop (from August 19 to September 16) to orient their trainers.

**Activity Five: Jointly Conduct Practice Training of Business Owners/Managers/Staff**

- During the dairy cluster training sessions in Vlora and Gjirokastra, SBCA staff will monitor the performance of the trainers and the reaction of participants. The effectiveness of the trainers and the appropriateness of the training material will be assessed.

**Activity Six: RDA Organizes and Trains Clients**

- Beekeeping cluster training will be held in Gjirokaster, Vlora and Elbasan in November and December 2002 and early 2003.
- Gjirokaster and Vlora RDAs, in cooperation with LOL, will conduct dairy cluster training in September and October 2002. Training topics include: dairy industry legislation; dairy standards; dairy products marketing; and an introduction to SBCA loan packages that will enable milk collectors to purchase new food-grade plastic milk containers.
- Herbs and spices cluster training will commence in December 2002 with courses in Shkodra and Malesia e Madhe.
- Fishing cluster training will start in November 2002. Training sessions will be held in Vlora, Durres and Shengjin.
- Scrap metal cluster training will take place in October and November 2002.
- A timeline of proposed joint RDA/SBCA training events is shown in **Annex 12**.
- In the second week of October 2002, LOL will hold a dairy products small business trade fair in Tirana called “EXPO-Bulmet”. SBCA will also promote SBCA training opportunities and loan products at this fair.

**Activity Seven: CI and PSHM Trains RDA on Business Planning and Loan Requirements**

- As already reported in the previous quarterly report SBCA and PSHM held a training session for RDA Directors on May 17, 2002. This included establishing a good credit record and PSHM loan application procedures and requirements.
- After that training the RDAs referred to PSHM the four clients shown in table 2 below. Two have already received loans, and two are awaiting approval. The RDAs assisted these clients in the preparation of business plans.

**Table 2: Clients Referred to PSHM by RDAs**

<i>No.</i>	<i>Client:</i>	<i>Cluster:</i>	<i>Loan disbursed</i>
1.	Alfred Naska	Fishing	Awaiting Approval
2.	Ali Nerjaku	Scrap Metal	Yes
3.	Zef Koqaj	Herbs and Spices	Awaiting Approval
4.	Simon Lalaj	Construction	Yes

- The RDAs will also participate in the business planning training that will be organized for Banka Kombetare Tregtare employees in October 2002.

#### **Activity Eight: RDA Provides Business Counseling**

- During the second quarter the RDAs have provided work schedule generated business counseling, on behalf of SBCA, to the five businesses shown in table 3 below. This included business planning, loan application procedures, market research, and cash flow statements. Members of the SBCA have monitored a number of these counseling sessions. Two clients, Zef Keqaj and Alfred Naska, received loan application advice but were not the subject of a work schedule.

**Table 3: Clients assisted through Work Schedules (FPSCs)**

<i>No.</i>	<i>Client:</i>	<i>Type of Business</i>	<i>Industrial Cluster</i>
1.	Simon Lalaj	Stone Processor	Construction
2.	Agron Goxhaj	Vegetable Greenhouse	Agro-business
3.	Ali Nerjaku – InterGas	Metal Scrap Processor	Metal Scrap
4.	Filip Paco	Lagoon Fishing	Fishing
5.	Hysen Mani	Mussel Farming	Fishing

#### **Activity Nine: RDA Reports on Performance**

- In the second quarter the RDAs have assisted five enterprises in the agribusiness sector and two in the non-agricultural sector.
- Four loan applications have been submitted to PSHM by the RDAs.
- Five businesses have received chargeable and two non-chargeable business counseling.

## 2.3 PHASE THREE: IMPLEMENT DIRECT CREDIT PROGRAM

### Activity One: Finalize and Approve Pre-award Grant Activities

- PSHM has opened a separate Project bank account at the American Bank of Albania
- The cost sharing structure has been agreed by both parties and approved by USAID. The approved budget, including cost sharing, is shown in **Annex 13**.

### Activity Two: Refine Loan Product

- Loan size will be decided according to the client ability to repay. The refined SME loan product has the following terms and conditions:

<b>Currency:</b>	USD or LEK
<b>Size:</b>	USD 5,000 – 25,000 or the equivalent amount in LEK
<b>Term:</b>	6 to 24 months
<b>Grace period:</b>	maximum three months
<b>Payment:</b>	monthly installments for interest and principal (exemption only for agreed activities)
<b>Administrative fee:</b>	1% of principal
<b>Legal expenses:</b>	to be covered by client
<b>Interest Rate:</b>	18-21% for USD, 19-23% for LEK

### Activity Three: Develop Loan Criteria and Submit to USAID for Approval

- The following borrower requirements are included in the PSHM Grant Agreement:
  1. Less than 20 employees;
  2. Operating in productive sector or providing services to a productive sub-sector;
  3. Active in business for at least one year;
  4. Have prepared PSHM loan application or business plan;
  5. Positive cash flow;
  6. Acceptable collateral (immovable, moveable property and cash collateral) to cover at least 150% of the loan;
  7. Have credible credit history (borrowers will have already built up a track record as PSHM, BESA or other micro-credit clients);
  8. Have good financial bookkeeping records;
  9. Notarized Legal documentary evidence to be a juridical or physical person according to Albanian Law; and
  10. Meet environmental standards.

- Collateral requirement will be in immovable property, movable property and cash. In the case of the first two, the loan will normally be covered at least 150%. In the case of cash, coverage should be 100%. PSHM's licensed evaluator should value immovable property. Movable collateral should be registered at the collateral registry office. Immovable property is registered in the Bailiff's office. Where there is a pledge agreement on equipment valued at more than \$10,000 that equipment should also be registered at the collateral registry office. All collateral registrations should be completed before the loan disbursement date.
- For all loans, client life insurance will be required. Any movable property used as collateral should also be insured. PSHM may require additional insurance if the loan finances purchase of equipment, livestock or greenhouses.

#### **Activity Four: Orient and Train PSHM Loan Officers Regarding Production Sector and Targeted Sub sectors**

- Two training sessions were held for PSHM Loan Officers on the SBCA Cluster Approach on May 16 and June 18, 2002. Eight PSHM loan officers received additional training on May 21 and 22 from Mr. Stuart White, PSHM's banking specialist. Further training will be offered to PSHM loan officers as part of the BKT training planned for October 2002.

#### **Activity Five: Implement Loan Program**

- The process of loan origination process has already been agreed between PSHM and CI. A loan pre-qualification form was designed to monitor the flow of clients between the RDAs, PSHM and SBCA. A copy of the pre-qualification form and its accompanying systems description and flowchart is shown in [Annex 14](#). The form will be introduced in October 2002.
- A loan application approval system was developed by SBCA and PSHM to control the exchange of information. Examples of the PSHM approval request and the SBCA approval letter are shown in [Annex 15](#).

#### **Activity Six: PSHM Reports on Performance**

- A total of 29 businesses have been assisted out of which 13 were from agriculture or agribusiness and 16 were from the non-agricultural production sector. A list of all PSHM loan requests submitted is shown in [Annex 16](#).
- Out of the 29 requests submitted to SBCA by PSHM, 5 were rejected by SBCA and 24 were approved. Ten loans, totaling \$87,800, had been disbursed by the end of August 2002. (A further 4 loans, totaling \$57,000, were disbursed in the first week of September 2002). Direct loans disbursed up to the end of August 2002 are shown in [Annex 17](#).

## 2.4 PHASE FOUR: IMPLEMENT CREDIT GUARANTEE PROGRAM

### Activity One: Develop Loan Guarantee Concept

- The overall loan guarantee concept is based on guaranteed loans in the range of \$15-50,000. The target clients groups are the same as that for the direct credit program with PSHM. Loans should be guaranteed up to 100% although the average should be closer to 50%.
- A short-term banking specialist, Mr. Richard L. Smith, assisted the Project in the development of the bank selection process. His SOW is shown in [Annex 18](#). He made two visits to Albania in June and August 2002. After discussion the qualitative and quantitative selection criteria shown in table 4 below were adopted. Each criterion is rated from 1 to 3, where a score of 3 is considered to be least important.

**Table 4: Bank Selection Criteria**

<i>Selection Criteria</i>	<i>Rating</i>
<b>Qualitative</b>	
▪ Stability and market perception	1
▪ Geographic network	2
▪ Receptiveness and quality of personnel assigned	2
▪ SME experience (if any) and probability of sustainability	1
<b>Quantitative</b>	
▪ Interest Rates (USD and Local Currency) on Loans	1
▪ Penalty Interest on Loans	3
▪ Deposit Rate on Guarantee Accounts (USD/Local Currency)	2
▪ Fees, if any	1
▪ Appetite for Currency Risk	2

### Activity Two: Promote Concept to Commercial Banks

- There are 13 commercial banks in Albania. Based on the agreed selection criteria above, we telephoned each bank to arrange preliminary interviews. All 13 banks were interviewed. During these face-to-face interviews, conducted by the SBCA, the Project and the loan guarantee concept were presented to the banks. After the interviews the Alpha Bank, the Dardania Bank, the Commercial Bank of Greece and the First Investment Bank were eliminated.
- In order to facilitate an open and transparent selection process a Request for Proposal (RFP) was designed for sending out to interested banks. A copy of this RFP, and its accompanying questionnaire, is shown in [Annex 19](#). The four banks already eliminated were not sent this RFP.
- The remaining nine banks received RFPs. They are:

FEFAD;  
The American Bank of Albania;  
The National Commercial Bank;  
Tirana Bank;  
The National Bank of Greece;  
The International Commercial Bank;  
The Arab-Albanian Islamic Bank;  
The Savings Bank of Albania; and  
The Albanian-Italian Bank

### **Activity Three: Orient Bank Boards**

- In order to further promote the loan guarantee program additional meetings were held between A. Xhafa and R L Smith (from the SBCA Project) and the Executive Directors of:

The International Commercial Bank;  
Tirana Bank;  
The Arab Albanian Islamic Bank; and  
The National Commercial Bank

### **Activity Four: Select Guaranteed Lending Partners**

- After the RFPs were sent out on July 17, three offers were received in the SBCA office, by the deadline date of July 27, 2002, from Tirana Bank, the Arab Albanian Islamic Bank, and the National Commercial Bank. On August 7, the Savings Bank of Albania (SBA) delivered a completed RFP and questionnaire. While they realized that they have missed the deadline for consideration of the first \$750 M tranche, they asked to be considered in any future guarantee program. There were numerous follow-up telephone conversations between the SBCA Project and the other five banks after which it was clear that they were not interested in participating.

The SBCA COP, R. L. Smith, and A. Xhafa interviewed representatives of the three banks on August 5 and 6. The National Commercial Bank (BKT) was selected and later approved by USAID.

### **Activity Five: Train Commercial Bank Lending Officers**

The Project is planning to conduct SME lending training for BKT bank loan officers in October 2002. A short-term banking specialist will conduct the training assisted by SBCA staff. The SOW for this specialist is shown in **Annexe 20**. Training will include the evaluation of actual loan proposals.



**Activity Six: Set-up Referral System among RDA, PSHM and Others**

A referral system, possibly based on the PSHM/SBCA pre-qualification form described in Phase Three above, will be introduced in the third quarter of the Project.

**Activity Seven: Execute Loan Guarantee Agreement and Deposit Funds**

A draft loan agreement was partially completed before the end of August 2002. The final draft agreement was vetted by the Project's Albanian lawyers and submitted to USAID, Tirana on 6<sup>th</sup> September, 2002.

**Activity Eight: Implement Loan Guarantee Program**

As soon as the final draft loan agreement has been approved by USAID a copy will be sent to BKT for further discussion. The target period for signing will be early October 2002.

The program should be implemented and the first loans disbursed by November 2002.

**Activity Nine: Partner CBs Report on Performance**

The first report will be included in the SBCA third quarterly report due at the end of December 2002.

### **3. ANTICIPATED ACTIVITIES FOR THE PERIOD SEPTEMBER – NOVEMBER 2002**

#### **Phase One: Project Installation**

- Create a project web page.
- Continue to review existing and research new clusters.
- Update and redesign the project brochures.
- Promote SBCA loan products jointly with RDA, BKT and PSHM.
- Sign and complete RDA Agreements.
- Purchase equipment for RDAs.
- Establish separate NCC Office.
- Improve database collection of client information classified by SIC codes.

#### **Phase Two: Implement Training Program**

- Prepare action plan for modifying training materials.
- Continue developing cluster strategies.
- Prepare cluster training modules.
- Assess training and business counseling needs for remaining and new clusters.
- Hold further discussions with the Ministry of Economy on scrap metal cluster.
- Conduct training on beekeeping, scrap metal, seedlings, dairy, fishing and herbs and spices clusters.
- Continue reviewing and revising RDA training modules.
- Develop a program of systematic training of RDA trainers.
- Evaluate and re-train RDA subcontracted business counselors and trainers.

#### **Phase Three: Implement Direct Credit Program**

- Continue cluster training with PSHM loan officers.
- Implement loan pre-qualification system.
- Improve and develop the reporting system between PSHM and SBCA.

#### **Phase Four: Implement Credit Guarantee Program**

- Discuss and approve draft agreement with BKT.
- Train BKT loan officers on SME lending practices and SBCA cluster approach.
- Set up referral system between PSHM, RDA, SBCA and BKT.
- Make the first loans by November 2002.

#### **4. QUARTERLY FINANCIAL UPDATE**

## **5. ANNEXES**

Annex 1	Bill Kedrock Report Contents Page and SOW
Annex 2	Fix Price Sub Contract issued to Shkodra RDA
Annex 3	Report on the Scrap Metal Cluster
Annex 4	Indicative Annual Budget for NCC
Annex 5	RDA Grant Agreement
Annex 6	Sample FSPC, related work schedule and costing model
Annex 7	SBCA Brochure
Annex 8	Participants Invited to the SBCA Kick-off Event
Annex 9	E-mail addresses of SBCA employees
Annex 10	Performance Based Management Task Schedule
Annex 11	Training Modules Reviewed by SBCA
Annex 12	Timeline of Proposed Joint SBCA/RDA Training Events
Annex 13	Approved PSHM Cost-Sharing Budget
Annex 14	Pre-qualification Form, Systems Flowchart and Systems Description
Annex 15	Examples of the PSHM Approval Request and SBCA Approval Letter
Annex 16	PSHM Loan Requests to August 31, 2002
Annex 17	Direct Loans Disbursed up to the End of August 2002
Annex 18	SOW for Richard L. Smith, Banking Specialist
Annex 19	Loan Guarantee RFP
Annex 20	SOW for Short-term Banking Specialist

## **ANNEX 1**

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REPORT ON KEY TARGET CLUSTER IDENTIFICATION AND REFINEMENT  
OF POTENTIAL CLUSTERS (PREPARED BY BILL KEDROCK)

**Albania Small Business Credit and Assistance (ASBCA) Program**

**Funded By U.S. Agency for International Development**

**Key Target Cluster Identification and  
Refinement of Potential Clusters**

*Draft Report*

**Contract #182-C-00-02-001102-DO**

**June 2002**

*This report was prepared by William Kedrock, home office staff member of Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the ASBCA Program in Albania.*

## **Table of Contents**

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Executive Summary

Annexes

A	Short Agenda
B	Long Agenda (with notes)
C	Cluster Follow-on and ASBCA Activities (power point)
D	List of Participants
E	SME Loan Documentation and Preliminary Selection Guidelines
F	Generic Cluster Map
G	Livestock – Dairy Case Study
H	Cluster Analysis Worksheet
I	ASBCA Activity SWOT Analysis Worksheet
J	Medicinal Plants Case Study
K	Observations Regarding Initial Clusters
L	Scope of Work
M	Calendar

**Scope of Work**  
**Albanian Small Business Credit and Assistance Program (ASBCA)**  
**Short Term Clustering Specialist**

---

**Background**

The Albanian Small Business and Credit Assistance Program (ASBCA) is managed by Chemonics International Inc., in partnership with the sub-contractors Partneri Shqiptar në Mikrokredi (PSHM) and the Regional Development Agency Network (RDAs).

The project will have a sub-sectoral or cluster focus. Identified clusters will be groups of production and service enterprises within a sector or sub sector. A workshop was held on May 16, 2002 to introduce the RDA Directors to clustering concepts. ASBCA have already started working with the RDAs to develop 'cluster models' of Albanian enterprises that will show the production cycle from raw material to finished product.

Each RDA has already prepared the first draft diagram of a specific sector. This will result in 10 cluster models that will be distributed to the RDAs, each of which will then provide the project with clusters of enterprises within their own region and identify new cluster opportunities. ASBCA will use the International Standard Industrial Classification (ISIC) to classify enterprises, industrial sub sectors, and clusters.

When the results have been collected and summarized, ASBCA, in consultation with PSHM and RDAs, will determine the sub sectors to target. Factors influencing the selection will include employment creation, domestic and import competitiveness and growth.

**Purpose**

The overall purpose of the mission is to review and build upon the overall results of the RDA cluster research that refines the methodology for continuing the cluster analysis, and to develop the rationale for the selection of clients that will receive credit and technical assistance from the ASBCA project.

**Period of Performance and Specific Tasks**

This assignment will begin on June 6, 2002 and end on June 18. It will include the following tasks:

- TASK 1. To refine the cluster data submitted by the RDAs
- TASK 2. To design and conduct a follow-on workshop with RDA Directors and PSHM representatives to discuss the cluster results and reinforce the direction of future work.



### **Deliverables**

- DELIVERABLE 1. Workshop for RDA Directors and PSHM representatives.
- DELIVERABLE 2. Report on results of first round of clustering information from RDAs and recommendations.

### **Roles and Qualifications of Technical Specialist**

In regards to specific tasks and deliverables envisioned in this Scope of Work, the following technical expertise is required:

Knowledge and substantial experience in cluster analysis and business and sector operations assessment; and

Knowledge and experience in taking a sub-sector approach to identifying opportunities for and constraints within specific sectors.

### **Reporting**

During this assignment the consultant will report to the ASBCA Chief of Party.

### **Level of Effort**

Task 1.	3 days
Task 2.	2 days
Deliverable 1.	1 day
Deliverable 2.	5 days

### **Changes in the Scope of Work**

The ASBCA Chief of Party, who in turn may be obligated to obtain approval in writing from USAID, must approve changes to this scope of work in writing.

### **Proposed Technical Specialist**

William A. Kedrock

**ANNEX 2**

---

FIX PRICE SUB CONTRACT ISSUED TO SHKODRA RDA

**FIXED PRICE SUBCONTRACT**

**Between**

**CHEMONICS INTERNATIONAL INC.**

**And**

**National Center for the Regional Development Agency (RDA)**

**Hereafter referred to as the Subcontractor**

**For**

**2002-FPC-RDA-008**

**USAID PRIME CONTRACT NO. 182-C-00-02-00102-00**

**Albania Small Business Credit and Assistance Project**

**Effective Date: July 5, 2002**

**Total Fixed Price: 280,000 LEK (equivalent to 2,000 USD)**

**Contents**

**Part I - Schedule**

Section A	Background, Scope of Work, Deliverables, and Deliverables Schedule
Section B	Reporting and Technical Direction
Section C	Period of Performance
Section D	Fixed Price, Invoicing and Payment
Section E	Intellectual Property Rights
Section F	Cross Indemnity and Subcontractor Waiver of Benefits
Section G	Compliance with Applicable Laws and Standards
Section H	Disputes
Section I	Organizational Conflicts of Interest
Section J	Anti-Kickback (Corruption)

**Part II - Attachments**

Section K	Contract Clauses Incorporated by Reference
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ALBANIA SBCA PROJECT QUARTERLY REPORT: JUNE – AUGUST 2002

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The Subcontractor agrees to furnish and deliver all items or performs all the services set forth or otherwise identified above and on any continuation sheets for consideration stated herein.

The rights and obligations of the parties to this fixed price contract shall be subject to and governed by the provisions and specifications attached or incorporated by reference herein, and executed by both parties.

---

Chemonics International Inc.

Title:

By:

Date Signed:

Place Signed:

---

National Coordination Center for the RDAs

Title:

By:

Date Signed:

Place Signed:

## Section A. Background, Scope of Work, Deliverables and Deliverables Schedule

### A.1. Background

Chemonics International Inc. has been contracted by USAID/Albania to undertake the Small Business Credit and Assistance Program. This project has four components: direct credit, business training, business counseling, and loan guarantees. The Regional Development Agency is to provide two of these components: business training and business counseling. The activities of these components will be carried out with the guidance and support of Chemonics International and in collaboration with the National Coordination Center for the 10 RDAs and the specific RDA.

### A.2. Scope of Work

Determine Training Needs in Selected Clusters.

A sub-sector or cluster focus for the project will be determined jointly by Chemonics and the Regional Development Agency (RDA). Once this focus is determined, it will be necessary to interview businesses within the sub-sector to determine their level of development, and specific training needs.

The deliverables in this fixed price subcontract will focus only on the selection of the clusters and the analysis of the SMEs involved in the selected clusters. **The Shkodra RDA** will identify a key productive-sector cluster that has a potential impact in the economic growth of its region. **The Shkodra RDA** will write a report on the cluster of its choosing, outlined as shown on the deliverable table of section A.3. The results will be shared with the National Coordination Center for the RDAs and with the SBCA Project.

### A.3. Deliverables and Deliverable Schedule

<b>Deliverable Number</b>	<b>Deliverable Name</b>	<b>Due Date</b>
Deliverable A.2.1	Cluster Selection. Rationale for Selection. Definition	July 29, 2002
Deliverable A.2.2.	Cluster Map	July 29, 2002
Deliverable A.2.3.	Map Narrative: Anchor Business; Ancillary Support; Diamond Analysis	July 29, 2002
Deliverable A.2.4.	SBCA Niches (intervention). SWOT analysis	July 29, 2002
Deliverable A.2.5.	Decision & Next Step: Go/No go	July 29, 2002

### A.4. Acceptance of Deliverables

Chemonics reserves the unilateral right to terminate this Contract at any time, in accordance with clause 52.249-4 of Section K, herein, paying for all deliverables completed and a prorated share of any deliverables in progress, without further financial obligation.

Revisions to deliverables may be requested in writing by Chemonics, and they shall be made promptly by the Subcontractor. Acceptance of deliverables by Chemonics shall be evidenced by a Chemonics authorized signature on the invoice presented by the Subcontractor.

Changes in the Scope of Work above may be ordered by Chemonics pursuant to the Federal Acquisition Regulation (FAR) clause 52.243-2, entitled, "Changes", which is incorporated by reference in Section L herein.

**Section B.      Reporting and Technical Direction**

The Subcontractor and the specific RDA shall render the services and produce the deliverables stipulated in Section A., above, under the general technical direction of the Chief of Party, presently Jeff Houghton, or his designee. The Chief of Party will be responsible for monitoring the Subcontractor's performance under this fixed price contract. The Subcontractor shall not communicate directly with USAID during the performance of this fixed price contract.

**Section C.      Period of Performance**

**The effective date of this fixed price contract is July 5, 2002, and the completion date is July 29, 2002.** The deliverables set forth in Section A., Background, Scope of Work, Deliverables and Deliverable Schedule shall be delivered to the Chief of Party in accordance with the schedule stipulated therein.

In the event that the Subcontractor is unable to begin work on this fixed price subcontract on the effective date, or fulfill the terms of this fixed price subcontract prior to the completion date, Chemonics shall be notified forthwith and Chemonics shall have the right to summary termination of this fixed price subcontract upon written notice to the subcontractor in accordance with the incorporated FAR clauses 52.249-4 and 52.249-8, as applicable.

**Section D.      Fixed Price Contract, Invoicing and Payment****D.1.      Contract Fixed Price**

In consideration for the delivery of the products and/or services stipulated in Section A., Chemonics will pay the Tirana RDA a total of 280,000 Lek for submitting the cluster map and the analysis of the SMEs involved in the selected cluster, upon acceptance by Chemonics of the individual deliverables identified and priced below. This figure represents the total price of this contract, and is fixed for the period of performance outlined in Section C., Period of Performance.

<b>Deliverable Number</b>	<b>Deliverable Name</b>	<b>Nr. Of Days</b>	<b>Daily Market Rate</b>	<b>Total Price</b>
Deliverable A.2.1	Cluster Selection. Rationale for Selection. Definition	0.5	\$129	\$ 65
Deliverable A.2.2.	Cluster Map	2	\$129	\$258
Deliverable A.2.3.	Map Narrative: Anchor Business; Ancillary Support; Diamond Analysis	10	\$129	\$1,290
Deliverable A.2.4.	SBCA Niches (intervention). SWOT analysis	2	\$129	\$258
Deliverable A.2.5.	Decision & Next Step: Go/No go	1	\$129	\$129
<b>Total</b>				<b>\$2,000</b>

**D.2.      Invoicing**

Upon the Chief of Party's acceptance of the contract deliverables described in Section A., Background, Scope of Work, Deliverables and Deliverables Schedule, the Subcontractor shall submit an invoice for payment. The invoice shall be sent to the attention of the Chief of Party, presently Jeff Houghton, and shall include the following information:

- a) subcontract number and deliverable number,
- b) total amount due in Albanian currency, per Section D.1 above; and
- c) payment address and bank account information.

### D.3 Payment

Subcontractor's invoice will be paid by Chemonics within thirty (30) business days of Chemonics receipt of a) approval of the Subcontractor's deliverables, or b) the Subcontractor's invoice, whichever occurs later. Payment will be made in Albanian currency, paid to the bank account specified by the Subcontractor.

### Section E. Intellectual Property Rights

The ownership of all copyright and other intellectual property rights in respect of any data compilations, research, spreadsheets, graphs, reports, diagrams, designs, work products, software, or any other documents, developed in connection with this fixed price contract, will exclusive vest in or remain with Chemonics, which shall have all proprietary rights therefore, notwithstanding that the Subcontractor or its employees may be the author of the intellectual property. All documents relating to the intellectual property or otherwise connected with this fixed price contract, the services or duties must be returned or delivered to Chemonics at the time of the termination of the contract. The Subcontractor agrees not to publish or make use of any of the intellectual property, or documents relating thereto, without the prior written approval of Chemonics and proper attribution.

### Section F. Cross Indemnity and Subcontractor Waiver of Benefits

The Subcontractor waives any additional benefits and each party agrees to indemnify and hold harmless the other for any loss, damage or injury sustained as a result of, or arising from the negligent acts or failures to act of that party with respect to the services rendered and duties performed under this contract, including but not limited to any claim for damages, restitution, loss, injury or specific performance instituted by any third party as the result of, or arising from the services rendered or duties performed under this contract, or incidental thereto.

### Section G. Compliance with Applicable Laws and Standards

All work shall be performed in accordance with all applicable Albanian and U.S. laws, ordinances, codes, regulations, and other authoritative rules of Albania and its political subdivisions and with the standards of relevant licensing boards and professional associations. The Subcontractor shall also comply with the applicable USAID regulations, which govern this fixed price subcontract, which are incorporated by reference into this contract, and appear in Section L., Clauses Incorporated by Reference.

### Section H. Disputes

The parties agree that any dispute arising from the prime contract and subcontract shall be settled by arbitration in accordance with the Commercial Rules of the American Arbitration Association. Judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Where disputes are submitted to arbitration, the parties agree to accept the decision of the arbitrators as final and binding on both parties. Arbitration shall be conducted in Washington, D.C. in accordance with the laws of the District of Columbia, or at another site selected by the arbitrators.

### Section I. Organizational Conflicts of Interest

It is understood and agreed that some of the work performed under this contract may place the Subcontractor or its personnel in the position of having an organizational conflict of interest. Such an organizational conflict of interest may impair the objectivity of the Subcontractor or its personnel in performing the work. To preclude or mitigate any potential conflicts of interest, Subcontractor agrees

not to undertake any activity, which may result in an organizational conflict of interest without first notifying ASBCA of such potential conflict of interest and receiving SBCA's written approval to undertake such activities.

Section J. Anti-Kickback (Corruption)

(a) Definitions.

*Kickback*, as used herein, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind, which is provided, directly or indirectly, to Chemonics, the ASBCA project office or any of its employees, the Subcontractor or Subcontractor employees, or vendors in any way related to the performance or subsequent activities of this contract, for the purpose of improperly obtaining or rewarding favorable treatment in connection with this contract.

*Person*, as used in this clause, means a corporation, partnership, and business association of any kind, trust, joint-stock company, or individual.

*Subcontractor employee*, as used in this clause, means any officer, partner, employee, or agent of the Subcontractor.

(b) The Subcontractor and its employees, whether directly or indirectly engaged in the performance of this contract, agree to abide by the terms of The United States Anti-Kickback Act of 1986, which prohibits any person from providing or attempting to provide any kickback; soliciting, accepting, or attempting to accept any kickback; or including, directly or indirectly, the amount of any kickback in the contract price charged by the Subcontractor to Chemonics.

When the Subcontractor has reasonable grounds to believe that a violation described in paragraph (b) of this provision may have occurred, the Subcontractor shall promptly report in writing the possible violation. Such reports shall be made to Chemonics, who shall forward the report to the USAID Inspector General for investigation.

The Subcontractor further agrees to cooperate fully with any United States Government agency investigating a possible violation described in paragraph (b) of this clause.

Chemonics may offset the amount of the kickback against any monies owed by Chemonics under this fixed price contract or order the monies withheld from future payments due the Subcontractor.

The Subcontractor agrees to include the substance of this provision in any contract it may issue under this subcontract.

Section K. Clauses Incorporated by Reference

This Fixed Price Contract incorporates the following clauses of the Federal Acquisition Regulations (48 Code of Federal Regulations, Chapter 1) and AID Acquisition Regulations (48 Code of Federal Regulations, Chapter 7) by reference, with the same force and effect as if they were given in full text. The full text is available at <http://www.arnet.gov/far/> and <http://www.info.usaid.gov/pubs/ads/aidar9-1.pdf>. Modifications which apply to this Fixed Price Contract appear after each clause. It is understood and agreed that the Subcontractor may be obligated by and to Chemonics for any specifications or documentation required of Chemonics under these clauses, and that references to the "Contractor" may also refer to the Subcontractor. The Subcontractor hereby agrees to abide by the terms and conditions imposed by these clauses. With respect to documentation and approvals required under these clauses, all such documentation and approvals shall be submitted to or requested from Chemonics.



**Federal Acquisition Regulations (FAR) Clauses**

52.202-1	Definitions (September 1991)
52.203-3	Gratuities (April 1984)
52.203-7	Anti-Kickback Procedures (October 1988)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (September 1990)
52.203-12	Limitation Regarding Payments to Influence Certain Federal Transactions (January 1990)
52.209-6	Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (November 1992)
52.215-1	Examination of Records by Comptroller General (February 1993)
52.215-2	Audit - Negotiation (February 1993)
52.215-24	Subcontractor Cost or Pricing Data (December 1991)
52.215-25	Subcontractor Cost or Pricing Data - Modifications (December 1991)
52.215-33	Order of Precedence (January 1986)
52.222-7	Withholding of Funds (February 1988)
52.222-8	Payrolls and Basic Records (February 1988)
52.223-6	Drug-Free Workplace (July 1990)
52.225-11	Restrictions on Certain Foreign Purchases (May 1992)
52.225-14	Inconsistency Between English Version and Translation of Contract (August 1989)
52.227-1	Authorization and Consent (April 1984)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (April 1984)
52.228-3	Worker's Compensation Insurance (Defense Base Act) [For all non-Polish employees or consultants of the Subcontractor] (April 1984)
52.229-6	Taxes - Foreign Fixed Price Contracts (January 1991)
52.243-2	Changes, Alternate I (April 1984)
52.244-2	Subcontracts (Fixed Price Contracts) (April 1991)
52.246-4	Inspection of Services - Fixed Price (February 1992)
52.246-25	Limitation of Liability - Services (April 1984)
52.247-63	Preference for U.S. Flag Air Carriers (April 1984)
52.249-4	Termination for Convenience of the Government (Services) (Short Form) (April 1984)
52.249-8	Default (Fixed Price Supply and Service) (April 1984)

**Agency for International Development Acquisition Regulations (AIDAR) Clauses**

752.202 Alt 70	AID Definition Clause - General Supplement for Use in All AID Contracts (January 1990)
752.210-70	Language and Measurement (June 1992)
752.7001	Biographical Data (December 1988)
752.7002	Travel and Transportation (January 1990)
752.7014	Notice of Changes in Travel Regulations (January 1990)
752.7025	Approvals (April 1984)
752.7027	Personnel (December 1990)

**ANNEX 3**

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REPORT ON THE SCRAP METAL CLUSTER



## SCRAP METAL CLUSTER

**SUBMITTED BY:** Tirana RDA and Revised by SBCA

**DATE:** August '02

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### CLUSTER SELECTION

#### A.1. Cluster Definition

Clusters are critical masses/concentrations of interconnected companies and institutions and are defined geographically or by sector. One of the Albanian clusters selected for project intervention is scrap collecting and processing ('The Scrap Metal Cluster') throughout Albania.

#### A.2. Reasons for Selecting the Cluster

- This cluster is of special importance in supplying part of the raw material for Albania's only steel mill in Elbasan, Kurum International sh.p.k (Kurum)
- The cluster can process iron, steel and other metals from what has remained from Albania's redundant heavy industry.
- Private businesses supplying scrap to the compressor companies could also collect 'abandoned' cars that are causing environmental concern.
- The collection of old cars from scrap yards will be better organized by creating better links between scrap dealers, collectors and the compressor companies.
- A regular supply of quality local scrap metal, for smelting into steel by Kurum, can be maintained.
- A planned increase in the processing capacity of Kurum, through investing in a new furnace, will further stimulate the collection of scrap from local companies.
- Premises and facilities of the former state enterprises will be cleared of the scrap metal built up over several years.
- The construction sector, one of the most developed in Albania, will have the opportunity to use more locally produced steel.
- Scrap metal dealers and processors can benefit from SBCA targeted funding and technical assistance.
- The scrap metal cluster will create great opportunities for training, 'qualifying' and funding small businesses dealing in scrap collection and processing.
- The reorganized scrap industry will create more stable job opportunities.

#### A.3. Background

Since the early 1990s a large number of (mostly second-hand) vehicles have entered Albania. We now need to be consistent in the terminology used in the scrap metal cluster starting with definitions.

#### Definitions

In Albania, the Ministry of Transport (MOT) defines a scrap yard as an area where more than 20 scrap cars are located. This can be anything from an open field to an

established, enclosed business. The concept of an abandoned car may not yet exist in Albania. Many of the cars that appear to be abandoned may still have owners, which could affect the ability of dealers to collect these vehicles for processing into scrap.

Scrap Dealers may be scrap yard owners or they may specialize in handling a particular type of metal or waste material (such as engine oil, coolant etc.).

Scrap Processors are firms that own and operate a compressor for crushing cars into 'cubes', which can then be further processed for smelting.

### Scrap Yards

Using the above definition, the MOT estimates that there are 146 scrap yards throughout Albania fifty of which are located in the Tirana and Durres area. A full list of scrap yards is shown in table 1 below.

SBCA and RDA (Regional Development Agency) representatives visited more than 70 of these scrap yards. Each scrap yard can have from 20-500 cars.

Most of the scrap yards are located on agricultural land where the owner no longer engages in agribusiness. In some cases, there is a kind of co-partnership where one individual owns the land and the other finds the money and the connections for obtaining cars for scrap.

**Table 1. Estimated No. of Scrap Yards in Albania**

Ref.	District	Quantity	Ref.	Sub Total Carried forward	92
1	Tropoje	2	17	Rrogozhine	2
2	Puke	2	18	Librazhd	2
3	Kukes	3	19	Perrenjas	2
4	Peshkopi	3	20	Pogradec	3
5	Bulqize	2	21	Korce	5
6	Shkoder	6	22	Skrapar	2
7	Lezhe	3	23	Lushnje	5
8	Burrel	3	24	Fier	4
9	Rreshen	2	25	Vlore	3
10	Lac	3	26	Berat	3
11	Fushe Kruje	2	27	Corovode	2
12	Kruje	2	28	Ballsh	3
13	Durres	15	29	Memaliaj	2
14	Tirane	35	30	Permet	2
15	Elbasan	6	31	Gjirokaster	6
16	Kavaje	3	32	Sarande	5
	<b>Sub-Total</b>	<b>92</b>		<b>Total</b>	<b>146</b>

(Source: Ministry of Transport)

### Scrap Processors

There are currently only two scrap processors in Albania. One fixed processor is in Elbasan and the mobile processor is based in Shijak. There are 17 companies that hold general non-food activity licenses covering scrap collecting and processing issued by the Ministry of Industry. This does not mean that they are actively engaged in scrap metal processing or dealing. Only one company, Kurum International sh.p.k in Elbasan, has a license. The Shijak scrap processor, Intergas, is in the process of applying for a license. A full list of licensed scrap dealers is shown in table 2 below.

**Table 2. Scrap Collecting and Processing Companies licensed by Mol**

Ref.	Name of the company	Location	5.1 Start date	Assets in 000 USD	The collecting capacity in (000's kg)	Total no. of employees
1	Mars	Tirane	7/6/00	75,000	1,000	8
2	Teknoservis	Durres	8/7/00	32,000	1,000	40
3	Ylberi	Tirane	8/7/00	3,000	2,000	12
4	Rruga Ura Asfl.	Elbasan	8/7/00	100	1,000	10
5	Hyka	Elbasan	11/15/00	1,600	5,000	7
6	S.I.A.A.	Durres	12/5/00	14,500	50,000	10
7	Turi	Elbasan	1/26/01	39,000	1,000	5
8	Ed-Al	Fier	3/19/01	6,200	6,000	10
9	Drien	Fier	3/26/01	14,700	1,000	10
10	Rea	Tirane	5/11/01	3,700	1,000	15
11	Kruja	Tirane	4/19/01	9,700	1,200	16
12	Ebore	Durres	5/27/01	2,500	480	3
13	Eder	Tirane	6/12/01	3,600	1,000	5
14	Gashi	Kruje	4/17/01	7,500	6,000	34
15	Mabetex	Tirane	6/12/01	14,300	12,000	5
16	Mjeshtri	Elbasan	11/23/01	12,200	1,500	23
<b>Sub-Total</b>				239,600	91,180	213
17	Kurum Intl.	Elbasan	11/1/00	6,000,000	200,000	500
<b>Total</b>				6,239,600	291,180	713

(Source: Ministry of Industry and Energy)

**Sources of Scrap Metal**

There are four sources of scrap metal: Vehicles; former state enterprises under liquidation; ships and boats; and railway rolling stock. Nationwide, according to INSTAT estimates, Albania has a scrap reserve of 150,000 – 200,000 tons.

**Group 1. Vehicles:** Scrap vehicles have a conversion rate (i.e. the proportion recoverable after smelting) varying from 60% to 75%. According to the Institute of Transport Research Studies the number of abandoned cars ranges from 9,680 (in 1996) to 20,000 (in 2002). The current number of automobiles located in scrap yards ranges from 20,000 to 35,000 automobiles (6,000 to 10,500 tons). The estimated number of vehicles scrapped in 2001 is shown in table 3 below. An estimated 7 tons of vehicles were available for scrap in 2001.

**Table 3. Estimated Number of Vehicles (and tonnage) 'Scrapped' in 2001**

CATEGORY OF VEHICLES	CARS	VANS AND BUSES	TRUCKS	TRACTORS	MOTOR BIKES	TRAILERS	TOTAL
Number of Vehicles registered	133,288	20,706	48,096	2,715	3,403	6,297	214,505
Proportion of vehicles scrapped each year in %	7.5%	5%	3%	5%	10%	3%	
Average Scrap content in Kg/unit	300	700	2000	1000	50	2000	
<b>No. of vehicles scrapped</b>	<b>9,997</b>	<b>1,035</b>	<b>1,443</b>	<b>136</b>	<b>3,403</b>	<b>189</b>	<b>16,203</b>
<b>Total available scrap (000's kg)</b>	<b>2,999.0</b>	<b>724.7</b>	<b>2,885.7</b>	<b>135.8</b>	<b>17.0</b>	<b>377.8</b>	<b>7,140.0</b>

(Source: Ministry of Transport)

**Group 2. Former state enterprises under liquidation:** Mainly engineering plants like the Tractor Factory, Dinamo Engineering Factory, Elbasan Metallurgic Plant, military factories, mines, chemical plants and copper smelting plants. The SBCA has not been able to estimate the quantity of scrap for this group.

**Group 3. Ships and Boats:** These have been created as result of the destruction of large and small ships located in Pasha Aliman, Durres, Shengjin, Sarande, etc. The Ministry of Industry estimates the scrap content to be over 100,000 tons.

**Group 4. Railway rolling stock:** This is one of the main sources of scrap metal. At different periods of time, Albanian Railways is selling off (through a tendering procedure) rolling stock (passenger cars and freight wagons), tankers, etc. held in June 14<sup>th</sup>, 2002. The estimated quantity of scrap metal recoverable from the railways is more than 20,000 tons. The General Directorate of Railways is organizing tenders, the first of which was held on June 14, 2002. This first tender was cancelled as all seven bids fell below the offer price. A subsequent tender was held on August 2002 and was won by Kurum.

### The Number of Licensed Vehicles in Albania

The total number of vehicles licensed by the road transport directorate as at December 31, 2001 is shown in table 4 below.

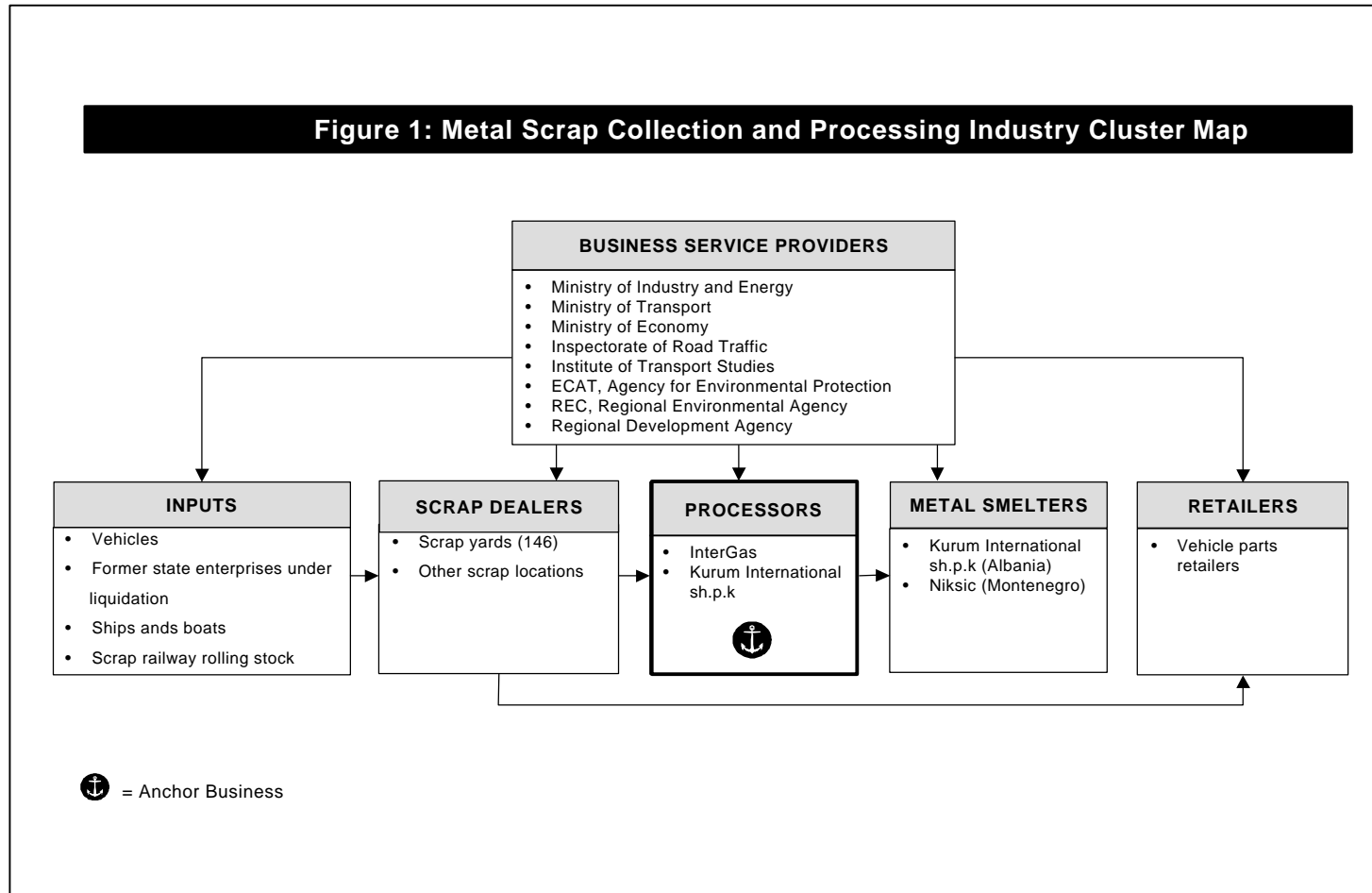
**Table 4. Vehicles registered by the Road Transport Directorate, December 31st, 2001.**

DISTRICT	CARS	VANS AND BUSES	TRUCKS	TRACTORS	MOTOR BIKES	TRAILERS	TOTAL
Berat	4,645	894	2,367	178	31	99	8,214
Durres	20,950	2,762	9,209	369	649	1,131	35,070
Elbasan	7,775	1,586	3,412	426	346	326	13,871
Fier	10,902	1,503	4,753	178	232	380	17,948
Gjirokaster	9,493	942	2,689	184	101	807	14,216
Korce	6,880	2,516	1,803	194	159	294	11,846
Kukes	1,271	742	596	4	11	49	2,673
Lezhe	7,243	2,002	3,748	243	271	600	14,107
Peshkopi	1,915	1,065	1,294	103	1	97	4,475
Shkoder	10,220	1,557	3,875	160	223	338	16,373
Tirane	42,363	4,327	12,052	395	1,318	1,826	62,281
Vlore	9,631	810	2,298	281	61	350	13,431
<b>6. Total</b>	<b>133,288</b>	<b>20,706</b>	<b>48,096</b>	<b>2,715</b>	<b>3,403</b>	<b>6,297</b>	<b>214,505</b>
<b>Distrib. %</b>	<b>62%</b>	<b>10%</b>	<b>22%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>100%</b>

(Source: Ministry of Transport)

## B. CLUSTER MAP AND NARRATIVE

### B.1. Cluster Map



**B.2. Map Narrative**

The map shown in figure 1 illustrates the key divisions within the scrap metal cluster. The business service providers include government regulatory agencies that impact upon the scrap metal cluster and the Regional Development Agency (RDA) that will be offering consulting and training to individual firms within the cluster.

The Inputs refer to the sources of the raw material, i.e. scrap metal, referred to in section A3 above. These are vehicles, former state enterprises under liquidation, ships and boats, and scrap railway rolling stock.

The Scrap dealers are the 146 scrap yards (as defined by the Albanian Ministry of Transport) and the numerous scrap locations that have less than 20 cars.

The processors are Kurum International Sh.p.k. and InterGas. InterGas purchased the compressor (which was built in 1984) from Italy where one of their shareholders worked for eight years in a scrap processing company. Currently Kurum operates equipment for shearing and cutting scrap metal before it goes into the smelter but its vehicle compressing equipment is not currently operating. The mobile compressor owned by InterGas is operational and makes the company the anchor business for the scrap metal cluster.

The main customer for the compressed vehicles is the steel smelter owned by Kurum International Sh.p.k. in Elbasan. There are other export customers such as the Niksic steel company in Montenegro. InterGas already exports scrap to Niksic.

The other types of customers are the independent second-hand spare parts dealers. Most scrap dealers also sell spare parts.

In order to better manage scrap collection and processing activities, and be able to offer high quality scrap metal, scrap dealers/yard owners will receive training and credit for equipment. Scrap yards are the major source of vehicle spare parts in Albania. SBCA will also develop a system of qualifying scrap yards through licensing and training.



## C. PROJECT INTERVENTION

### C.1 SWOT Analysis

The following SWOT analysis is for the anchor business shown in the cluster Map – InterGas, the owners of the mobile compressor unit in Shijak. The SBCA Project is providing to InterGas business consulting on loan applications, business planning and licensing procedures.

**Figure 2 : SWOT Analysis for InterGas**

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>▪ Very favorable market – many scrap yards around the country.</li> <li>▪ Experience in processing in Italy and Albania.</li> <li>▪ Around 7,000 tons of scrap metal from vehicles becomes available each year.</li> <li>▪ Low risk of competition from foreign companies.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Further investments to update the compressing technology</li> <li>▪ Possibilities for creating new jobs in the scrap yards.</li> <li>▪ Exporting scrap metal to neighboring countries e.g. Niksic steel mill in Montenegro</li> <li>▪ Prices for exported scrap are quoted on international markets and are higher than Albanian domestic prices</li> </ul>
T65WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>▪ Existing technology may need to be updated and needs careful and regular maintenance.</li> <li>▪ Lack license for scrap collection.</li> <li>▪ Infrastructure difficulties in moving the unit to more remote mountain areas.</li> <li>▪ Lack of financial assets</li> <li>▪ Lack of management and marketing skills.</li> <li>▪ Lack of promotion and networking with other businesses.</li> <li>▪ Dependent upon one domestic customer (Kurum) that can control the price</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low quality of scrap from car shells that can stop Kurum buying compressed cars or can reduce the prices.</li> <li>▪ Processing technology is poor.</li> <li>▪ Low profits if there are not going to be any investments in the technology.</li> <li>▪ Kurum wants the Albanian Government to impose a ban on scrap metal exports.</li> <li>▪ Kurum has imposed a ban on scrap supplied by InterGas</li> </ul>

### C.2 Action Plan

A one year timeline planned activities for the scrap metal cluster is shown in figure 4 below.

**Figure 3: SBCA - Cluster Activities Implementation Timeline**

	PROPOSED ACTIVITIES FOR SCRAP METAL CLUSTER - TIRANA	Quarter 2 (2002/3)												Quarter3 (2002/3)												Quarter 4 (2002/3)											
		JUN				JUL				AUG				SEP				OCT				NOV				DEC				JAN				FEB			
		03-07	10-14	17-21	26-30	01-05	08-12	15-19	22-29	02-09	12-16	19-23	26-30	02-06	09-13	16-20	23-30	01-04	07-11	14-18	21-31	01-08	11-15	18-22	25-29	02-06	09-13	16-20	23-31	01-10	13-17	20-24	27-31	03-07	10-14	17-22	24-28
Ref:		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	
1	Prepare Cluster/Sector Analysis Report																																				
11	Meet with Minister of Economy																																				
2	Classify businesses into Sub-Groups by SIC Codes																																				
3	Enter firm data into database																																				
4	Find if there is a law for scrap metal activities																																				
5	Identify client consultancy, credit, training needs.																																				
6	Develop loan packages																																				
7	Design training course																																				
8	Deliver training																																				
9	Work with the Local Authorities on regulating scrap activities																																				
10	Research on export markets for compressed cars																																				

**ANNEX 4**

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INDICATIVE ANNUAL BUDGET FOR NCC

## RDA Specific Budget Over the Next Three Years

### Budget Components

Component 1: Coordination Center				
	Monthly/Cost in 000 \$			Total
Equipment	5,000			5,000
Expenses for National Coordinator	500			18,000
Running Costs	500			18,000
RDA National Director	200			7,200
Traveling	328			11,800
<b>TOTAL</b>				<b>60,000</b>
Component 2: Individual RDAs over three years				
Components	Year 1	Year 2	Year 3	Total
1. Equipment	40,000	20,000	0	60,000
2. Projects	45,450	95,150	100,000	240,600
<b>TRAINING</b>	<b>10,200</b>	<b>12,900</b>	<b>6,000</b>	<b>29,100</b>
No. of planned training events	34	43	20	97
Expected no. of trainees	850	1,080	500	2,430
Estimated average cost per event	300	300	300	900
Estimated average cost per trainee	12	12	12	36
<b>COUNSELING SESSIONS</b>	<b>35,250</b>	<b>82,250</b>	<b>94,000</b>	<b>211,500</b>
No. of planned counseling sessions	150	350	400	900
Average estimated fee per counseling session	235	235	235	705
<b>TOTAL</b>	<b>85,450</b>	<b>115,150</b>	<b>100,000</b>	<b>300,600</b>
TOTAL BUDGET				
Component 1: Coordination Center				60,000
Component 2: Individual RDAs over three years				300,600
<b>GRAND TOTAL</b>				<b>360,600</b>
<i>Total of the agreed fund for the RDAs</i>				<b>460,000</b>
Vaccancies				99,400

## **ANNEX 5**

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RDA GRANT AGREEMENT

**GRANT AGREEMENT****ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROJECT (SBCA)****Administered for the U.S. Agency for International Development****By****Chemonics International Inc.****Grant Agreement***(Simplified Format)***Mr. Ilir Rembeci**

National Coordination Center for Regional Development Agencies

**Subject:** Grant No. 01**Titled:** National Coordination Center's Expenses

Dear Mr. Ilir Rembeci:

I am pleased to award to the National Coordination Center for Regional Development Agencies (NCC) this grant in the amount not to exceed the sum of 1,512,000 LEK (equivalent of \$10,800) as a contribution to the NCC. This grant will help the NCC to cover a proportion of its costs occurred for coordinating the 10 RDAs. The grant amount will be disbursed to the NCC during the period from March 2002 to February 2003. The disbursement will start upon the establishment of the NCC unit.

Funds provided under this grant may be utilized to reimburse the following costs:

<i><b>Description of Costs</b></i>	<i><b>Amount</b></i>
NCC Office Running Costs	\$6,000
NCC Director's Fees	\$2,400
Travel Allowance	\$2,400
<b>Total</b>	<b>\$10,800</b>

Funds shall be disbursed to you on the basis of expenditure reports presented on a monthly basis.

Expenditure report(s) from your organization detailing actual expenditures are due on the 5<sup>th</sup> day of the next month following the month that the expenditures related to.

By accepting this grant the National Coordination Center agrees to:

1. Document that reasonable steps were taken to ensure that all purchases charged to the grant are at reasonable prices and from responsible resources;
2. Maintain complete records of all costs charged to the grant for a period of three years after the expiration of the grant and make such records available to SBCA, USAID, or their representatives for review at any time; and
3. At SBCA or USAID request, refund to SBCA any funds received from SBCA that represent reimbursement for any costs determined by SBCA or USAID not to meet the terms and conditions of this grant.

4. The Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the recipient to ensure compliance with these Executive Orders and laws.
5. Report to SBCA monthly on the performance tasks of the RDAs. The reporting format is provided in the attachment 4.

This grant is being awarded and administered by Chemonics, the authorized USAID contractor (the “Contractor”). Although, as a general matter, USAID is not substantially involved in the administration of the grant, it is understood and agreed that USAID, through the Contracting Officer, retains the right to unilaterally supersede any decision, act or omission taken by the Contractor to terminate the grant under grant termination procedures.

SBCA and USAID do not assume liability for any third party claims for damages arising out of this grant. SBCA or USAID may terminate this grant upon 30 days written notice.

Please sign the original and each copy of this letter to acknowledge your receipt of this grant and return the original to the SBCA Chief of Party.

Sincerely yours,

SBCA Chief of Party

**Acknowledged:**

National Center for Regional Development Agencies

by: \_\_\_\_\_

**Attachments:**

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1. Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters
2. Certification Regarding Drug-Free Workplace
3. Standard Provisions
4. Reporting format
5. Expenditure report

**ATTACHMENT 1**

**Certification Regarding Debarment, Suspension, Proposed Debarment, and Other  
Responsibility Matters**

**ATTACHMENT 2**

**Certification Regarding Drug-Free Workplace**

**ATTACHMENT 3**

**Standard Provisions**

<b>NOTE:</b>	These attachments have not been included in this sample copy of the Grant Agreement. For inquiries about any of these, please contact SBCA Project.
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**ATTACHMENT 4**  
**Monthly Performance Task Report**

**Month:** \_\_\_\_\_

**Year:** \_\_\_\_\_

Client Name	Company	Agriculture Agribusiness [Yes/No]	RDA	PQR* Number	Type of Assistance		
					Business Counseling WSR* Number	Specialized business practices WSR* Number	Training WSR* Number

PQR = Prequalification Reference  
WSR\* = Work Schedule Reference

Submitted by National Center for Development Agencies  
By \_\_\_\_\_

**ATTACHMENT 4**  
**RDA'S NCC Grant Expenses**

Month: \_\_\_\_\_

Year: \_\_\_\_\_

Items and Description	Quantity in Units	National Coordination Center Grant Expenses		
		Expenditures In Current Month	Previous Months Cumulative Expenditure	Cumulative Expenditures To Date
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5 = (3 + 4)</i>
<b>NCC Office Running Costs</b>				
• Rent				
• Electricity				
• Water				
• Cleaning				
• Heating				
• Stationery				
• Telephone				
• Internet/E-mail				
• Maintenance				
• Other Costs (specify)				
<b>Sub-total: Office Running Costs</b>				
<b>NCC Director Fees</b>				
• Full time staff member	Days			
<b>Sub-total: NCC Director Fees</b>				
<b>Travel Allowance</b>				
• Field trips (Specify)	Days			
<b>Sub-total: Travel Allowance</b>				
<b>TOTAL</b>				

 Prepared by: \_\_\_\_\_  
*RDA NCC Director*

 Approved by: \_\_\_\_\_  
*SBCA Project Chief of Party*

## **ANNEX 6**

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SAMPLE FSPC, RELATED WORK SCHEDULE AND COSTING MODEL

**FIXED PRICE SUBCONTRACT**

**Between**

**CHEMONICS INTERNATIONAL INC.**

**And**

**Regional Development Agency (RDA)**

**Hereafter referred to as the Subcontractor**

**For**

**2002-FPSC-RDA-001**

**USAID PRIME CONTRACT NO. 182-C-00-02-00102-00**

**Albania Small Business Credit and Assistance Project**

**Effective Date:** June XXX, 2002  
**Total Fixed Price:** XXX LEK (equivalent to XXX USD)

**CONTENTS**

**Part I - Schedule**

Section A	Background, Scope of Work, Deliverables, and Deliverables Schedule
Section B	Reporting and Technical Direction
Section C	Period of Performance
Section D	Fixed Price, Invoicing and Payment
Section E	Intellectual Property Rights
Section F	Cross Indemnity and Subcontractor Waiver of Benefits
Section G	Compliance with Applicable Laws and Standards
Section H	Disputes
Section I	Organizational Conflicts of Interest
Section J	Anti-Kickback (Corruption)

**Part II - Attachments**

Section K	Contract Clauses Incorporated by Reference
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The Subcontractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for consideration stated herein.

The rights and obligations of the parties to this fixed price contract shall be subject to and governed by the provisions and specifications attached or incorporated by reference herein, and executed by both parties.

**Chemonics International Inc.**

Title:  
By:  
Date Signed:  
Place Signed:

**Regional Development Agency**

Title:  
By:  
Date Signed:  
Place Signed:

## **Section A. Background, Scope of Work, Deliverables and Deliverables Schedule**

### ***A.1. Background***

Chemonics International Inc. has been contracted by USAID/Albania to undertake the Small Business Credit and Assistance Program. This project has four components: direct credit, business training, business counseling, and loan guarantees. The Regional Development Agency is to provide two of these components: business training and business counseling. The activities of these components will be carried out with the guidance and support of Chemonics International and in collaboration with Partneri Shqiptar ne Mikrokredi (PSHM).

### ***A.2. Scope of Work***

#### Activity One: Determine Training Needs in Selected Clusters

A sub-sector or cluster focus for the project will be determined jointly by Chemonics and RDA. Once this focus is determined, it will be necessary to interview businesses within the sub-sector to determine their level of development and specific training needs. This activity will be carried out jointly by Chemonics short-term specialists and RDA staff. Estimates will be made of the number of persons by sub-sector that might desire or receive training through this project.

#### Activity Two: Evaluate RDA Structure, Staffing, Training Capacity and Physical Facilities

RDA will collaborate with the Chemonics Chief of Party, once specific training needs are identified, to determine what support RDA will need to undertake the training. This will involve interviews with RDA regional directors and their training personnel, and a review of their curriculums and training modules, as well as the physical facilities. Chemonics will make available limited funding for some basic training equipment. RDA will also collaborate with Chemonics to determine a reasonable level of fees that can be charged for the business training to be provided under this project.

#### Activity Three: Review/adapt/develop Training Modules/Curriculums

The RDAs have already developed a number of appropriate training modules and curriculums. A Chemonics business training specialist will review them to recommend ways to strengthen and enhance them, particularly in terms of their appropriateness to support agribusiness and other sub-sectoral growth. Additional training concepts and materials will be provided to the RDAs.

#### Activity Four: Train RDA Trainers/Orient Regarding Specific Sub-sectors

Chemonics will train RDA trainers in the recommended changes to the modules and curriculums.

#### Activity Five: CI/RDA Jointly Conduct Practice Training of Business Owners/Managers/Staff

To test the effectiveness of the improved modules and curriculums, Chemonics will organize a trial run for RDA trainers to deliver some of this training course. This may be done using some current PSHM borrowers who can provide feedback concerning the effectiveness and appropriateness of the training techniques and content.

#### Activity Six: RDA Organizes and Trains Clients

RDA will organize a calendar of training events in different locations in the country and begin to promote these training activities. One source of clients for this training will be PSHM clients who have such training as a condition for a loan that is in process. Other USAID and other donor-supported projects may desire that their clients participate in these training sessions as well. Promotion will include newspaper advertisements, radio announcements, a "Training Sessions

Available” feature on the project Website, use of the Nexus feature among USAID contractors, etc. At least 2400 persons should receive such training through RDA during the 3-year period of this contract. Chemonics business development specialists will participate in these training events to ensure quality control and excellent results.

#### Activity Seven: CI and PSHM Trains RDA on Business Planning and Loan Requirements

While many of the clients of RDA have gone on to apply for a loan(s), RDA does not have a module on Access to Credit among their present training programs. CI and PSHM will work with RDA to jointly prepare such a module to inform trainees of the how credit works, how the loan application process works, the implications of establishing a good credit record and how to maintain it. This course may become a condition for every first-time borrower under this program.

Chemonics will also train the RDA trainers/business counselors, along with PSHM loan officers, on the components of a bankable business plan. The approach will be to orient RDA to support the small and medium businessperson to prepare their own business plan in a way that ensures “buy-in” with the concepts. Such business plans should not be so extensive as to serve as a barrier for the SMEs, but should be sufficient to support a loan application. Under no circumstances should RDA prepare these business plans on behalf of the businesspersons.

#### Activity Eight: RDA Provides Business Counseling

We anticipate that over the course of this 3-year project, RDA will counsel 900 SMEs in the preparation of a business plan, loan application process and other business processes. It is not necessary that SMEs are exclusively borrowers from PSHM, although this collaborative relationship will be maintained throughout the project. Chemonics business development specialists will support and participate in these activities as required to ensure quality control and excellent results.

#### Activity Nine: RDA Reports on Performance

RDA will be required to provide monthly reports on its activities, including:

- Number of full-time employment positions attributable to training and business counseling. CI has set a component target of 50 jobs created that can be attributed to RDA’s activities.
- Number of persons trained in credit and loan application requirements, general business development, and specialized business practices.
- Number of persons receiving business counseling (business planning/loan application support).
- Number of enterprises assisted in the agriculture and agribusiness sectors
- Number of enterprises assisted in non-agricultural production sectors
- Number of non-agricultural production sector borrowers achieving positive cash flow

#### ***A.3. Deliverables and Deliverables Schedule***

1. {Specific training courses and modules and fees per trainee to be determined}
2. {Specific business counseling activities and fees per business entity to be determined}

#### ***A.4. Acceptance of Deliverables***

Chemonics reserves the unilateral right to terminate this Contract at any time, in accordance with clause 52.249-4 of Section K, herein, paying for all deliverables completed and a prorated share of any deliverables in progress, without further financial obligation.

Revisions to deliverables may be requested in writing by Chemonics, and they shall be made promptly by the Subcontractor. Acceptance of deliverables by Chemonics shall be evidenced by a Chemonics authorized signature on the invoice presented by the Subcontractor.

Changes in the Scope of Work above may be ordered by Chemonics pursuant to the Federal Acquisition Regulation (FAR) clause 52.243-2, entitled, “Changes”, which is incorporated by reference in Section L herein.

## **Section B. Reporting and Technical Direction**

The Subcontractor shall render the services and produce the deliverables stipulated in Section A., above, under the general technical direction of the Chief of Party, presently Jeff Houghton, or his designee. The Chief of Party will be responsible for monitoring the Subcontractor’s performance under this fixed price contract. The Subcontractor shall not communicate directly with USAID during the performance of this fixed price contract.

## **Section C. Period of Performance**

The effective date of this fixed price contract is XXX, 2002, and the completion date is XXX, 2005. The deliverables set forth in Section A., Background, Scope of Work, Deliverables and Deliverable Schedule shall be delivered to the Chief of Party in accordance with the schedule stipulated therein.

In the event that the Subcontractor is unable to begin work on this fixed price subcontract on the effective date, or fulfill the terms of this fixed price subcontract prior to the completion date, Chemonics shall be notified forthwith and Chemonics shall have the right to summary termination of this fixed price subcontract upon written notice to the subcontractor in accordance with the incorporated FAR clauses 52.249-4 and 52.249-8, as applicable.

## **Section D. Contract Fixed Price, Invoicing and Payment**

### ***D.1. Contract Fixed Price***

In consideration for the delivery of the products and/or services stipulated in Section A., Chemonics will pay the Subcontractor a total of XXX leke per trainee for business training services and XXX leke per business entity for business counseling services) upon acceptance by Chemonics of the individual deliverables identified and priced below. This figure represents the total price of this contract, and is fixed for the period of performance outlined in Section C., Period of Performance.

Deliverable A.3.1	TO BE DETERMINED
Deliverable A.3.2	
Deliverable A.3.3	
Deliverable A.3.4	
Deliverable A.3.5	
Deliverable A.3.6	

### ***D.2. Invoicing***

Upon the Chief of Party’s acceptance of the contract deliverables described in Section A., Background, Scope of Work, Deliverables and Deliverables Schedule, the Subcontractor shall submit an invoice for payment. The invoice shall be sent to the attention of the Chief of Party, presently Jeff Houghton, and shall include the following information:

- a) subcontract number and deliverable number,
- b) total amount due in Albanian currency, per Section D.1 above; and
- c) payment address and bank account information.

**D.3 Payment**

The Subcontractor's invoice will be paid by Chemonics within thirty (30) business days of Chemonics receipt of a) approval of the Subcontractor's deliverables, or b) the Subcontractor's invoice, whichever occurs later. Payment will be made in Albanian currency, paid to the bank account specified by the Subcontractor.

Fixed damages of 5% per business day up to 50% of total fixed price or deliverable may be deducted from payment for deliverables that are submitted more than one business day after the due dates stipulated in Section A.3 of this contract. Chemonics Chief of Party shall have sole authority to deduct these late delivery damages from Subcontractor's payment invoices.

**Section E. Intellectual Property Rights**

The ownership of all copyright and other intellectual property rights in respect of any data compilations, research, spreadsheets, graphs, reports, diagrams, designs, work products, software, or any other documents, developed in connection with this fixed price contract, will exclusive vest in or remain with Chemonics, which shall have all proprietary rights therefore, notwithstanding that the Subcontractor or its employees may be the author of the intellectual property. All documents relating to the intellectual property or otherwise connected with this fixed price contract, the services or duties must be returned or delivered to Chemonics at the time of the termination of the contract. The Subcontractor agrees not to publish or make use of any of the intellectual property, or documents relating thereto, without the prior written approval of Chemonics and proper attribution.

**Section F. Cross Indemnity and Subcontractor Waiver of Benefits**

The Subcontractor waives any additional benefits and each party agrees to indemnify and hold harmless the other for any loss, damage or injury sustained as a result of, or arising from the negligent acts or failures to act of that party with respect to the services rendered and duties performed under this contract, including but not limited to any claim for damages, restitution, loss, injury or specific performance instituted by any third party as the result of, or arising from the services rendered or duties performed under this contract, or incidental thereto.

**Section G. Compliance with Applicable Laws and Standards**

All work shall be performed in accordance with all applicable Albanian and U.S. laws, ordinances, codes, regulations, and other authoritative rules of Albania and its political subdivisions and with the standards of relevant licensing boards and professional associations. The Subcontractor shall also comply with the applicable USAID regulations which govern this fixed price subcontract, which are incorporated by reference into this contract, and appear in Section L., Clauses Incorporated by Reference.

**Section H. Disputes**

The parties agree that any dispute arising from the prime contract and subcontract shall be settled by arbitration in accordance with the Commercial Rules of the American Arbitration Association. Judgement upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Where disputes are submitted to arbitration, the parties agree to accept the decision of the arbitrators as final and binding on both parties. Arbitration shall be conducted in Washington, D.C. in accordance with the laws of the District of Columbia, or at another site selected by the arbitrators.



**Section I. Organizational Conflicts of Interest**

It is understood and agreed that some of the work performed under this contract may place the Subcontractor or its personnel in the position of having an organizational conflict of interest. Such an organizational conflict of interest may impair the objectivity of the Subcontractor or its personnel in performing the work. To preclude or mitigate any potential conflicts of interest, Subcontractor agrees not to undertake any activity which may result in an organizational conflict of interest without first notifying ASBCA of such potential conflict of interest and receiving ASBCA's written approval to undertake such activities.

**Section J. Anti-Kickback (Corruption)**

(a) Definitions. Kickback, as used herein, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind, which is provided, directly or indirectly, to Chemonics, the ASBCA project office or any of its employees, the Subcontractor or Subcontractor employees, or vendors in any way related to the performance or subsequent activities of this contract, for the purpose of improperly obtaining or rewarding favorable treatment in connection with this contract.

Person, as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

Subcontractor employee, as used in this clause, means any officer, partner, employee, or agent of the Subcontractor.

(b) The Subcontractor and its employees, whether directly or indirectly engaged in the performance of this contract, agree to abide by the terms of The United States Anti-Kickback Act of 1986, which prohibits any person from providing or attempting to provide any kickback; soliciting, accepting, or attempting to accept any kickback; or including, directly or indirectly, the amount of any kickback in the contract price charged by the Subcontractor to Chemonics.

When the Subcontractor has reasonable grounds to believe that a violation described in paragraph (b) of this provision may have occurred, the Subcontractor shall promptly report in writing the possible violation. Such reports shall be made to Chemonics, who shall forward the report to the USAID Inspector General for investigation.

The Subcontractor further agrees to cooperate fully with any United States Government agency investigating a possible violation described in paragraph (b) of this clause.

Chemonics may offset the amount of the kickback against any monies owed by Chemonics under this fixed price contract or order the monies withheld from future payments due the Subcontractor.

The Subcontractor agrees to include the substance of this provision in any contract it may issue under this subcontract.

**Section K. Clauses Incorporated by Reference**

This Fixed Price Contract incorporates the following clauses of the Federal Acquisition Regulations (48 Code of Federal Regulations, Chapter 1) and AID Acquisition Regulations (48 Code of Federal Regulations, Chapter 7) by reference, with the same force and effect as if they were given in full text. The full text is available at <http://www.arnet.gov/far/> and <http://www.info.usaid.gov/pubs/ads/aidar9-1.pdf>. Modifications which apply to this Fixed Price Contract appear after each clause. It is understood and agreed that the Subcontractor may be obligated by and to Chemonics for any specifications or documentation required of Chemonics under these clauses, and that references to the

“Contractor” may also refer to the Subcontractor. The Subcontractor hereby agrees to abide by the terms and conditions imposed by these clauses. With respect to documentation and approvals required under these clauses, all such documentation and approvals shall be submitted to or requested from Chemonics.

### **Federal Acquisition Regulations (FAR) Clauses**

52.202-1	Definitions (September 1991)
52.203-3	Gratuities (April 1984)
52.203-7	Anti-Kickback Procedures (October 1988)
52.203-10	Price or Fee Adjustment for Illegal or Improper Activity (September 1990)
52.203-12	Limitation Regarding Payments to Influence Certain Federal Transactions (January 1990)
52.209-6	Protecting the Government’s Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (November 1992)
52.215-1	Examination of Records by Comptroller General (February 1993)
52.215-2	Audit - Negotiation (February 1993)
52.215-24	Subcontractor Cost or Pricing Data (December 1991)
52.215-25	Subcontractor Cost or Pricing Data - Modifications (December 1991)
52.215-33	Order of Precedence (January 1986)
52.222-7	Withholding of Funds (February 1988)
52.222-8	Payrolls and Basic Records (February 1988)
52.223-6	Drug-Free Workplace (July 1990)
52.225-11	Restrictions on Certain Foreign Purchases (May 1992)
52.225-14	Inconsistency Between English Version and Translation of Contract (August 1989)
52.227-1	Authorization and Consent (April 1984)
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (April 1984)
52.228-3	Worker’s Compensation Insurance (Defense Base Act) [For all non-Polish employees or consultants of the Subcontractor] (April 1984)
52.229-6	Taxes - Foreign Fixed price sub-contracts (January 1991)
52.243-2	Changes, Alternate I (April 1984)
52.244-2	Subcontracts (Fixed price sub-contracts) (April 1991)
52.246-4	Inspection of Services - Fixed Price (February 1992)
52.246-25	Limitation of Liability - Services (April 1984)
52.247-63	Preference for U.S. Flag Air Carriers (April 1984)
52.249-4	Termination for Convenience of the Government (Services) (Short Form) (April 1984)
52.249-8	Default (Fixed Price Supply and Service) (April 1984)

### **Agency for International Development Acquisition Regulations (AIDAR) Clauses**

752.202 Alt 70	AID Definition Clause - General Supplement for Use in All AID Contracts (January 1990)
752.210-70	Language and Measurement (June 1992)
752.7001	Biographical Data (December 1988)
752.7002	Travel and Transportation (January 1990)
752.7014	Notice of Changes in Travel Regulations (January 1990)
752.7025	Approvals (April 1984)
752.7026	Personnel (December 1990)

**Section L: Illustrative Work Schedule**Work Schedule: Marketing Assistance Workshop

Ref. No. \_\_ Shkodra RDA

Work Schedule No: 01

**Goals**

Improve the qualifications of marketing personnel of the selected enterprises.  
Train 50 employees in Marketing Skills.

**Objectives:**

To identify and select at least 15 enterprises from leading sectors of Shkodra city, and deliver to at least 50 employees the module “ Introduction to Marketing” and subsequent sector specific subjects modules.

**Scope of Work**

The project will provide training to 50 employees of at least 15 SMEs probably from the following sectors: meat products; milk products; fruits and vegetables and consumer services, etc.

The producers will be selected by a working group made up of one representative of the National Coordination Centre, the director of Shkodra RDA. The working group, in collaboration with the SBCA project, will select the trainees.

**Deliverables**

1. List of selected enterprise and the recruited participants with intake and evaluation forms.
2. Print materials for the core module 1 “ Introduction to Marketing” and sector specific subject modules 2-7
3. Deliver the core course module 1 and sector specific subjects modules 2-7.
4. Not less than 50 employees trained from at least 15 SME enterprises.
5. Review and report results to SBCA.

**Timeframe**

6 weeks (June 15- July 30)

**Projected Costs**

\$3,000  
Shkodra RDA will provide its facilities.

**Impact Monitoring**

1. Training Participant will be registered at the NCC database and reported to SBCA
2. Ensuring completion of deliverables, follow-up to track the success of clients that received the services.
3. SBCA representative (s) and the director of the NCC will travel to sites to check on progress, participate in working group meetings, etc.

**Condition:**

A minimum of 20% women participants is required.

**APPROVED:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**Work Schedule Budget**

<b>Shkodra RDA:</b>	Marketing Assistance Workshop	<b>No. 02</b>
<b>Contracted Service Provider:</b> National Coordination Centre and the Shkodra RDA		
<b>1. Salaries</b>	\$	\$
1.1 Deliver Core Course Module *		
1.2 Deliver Organization of Marketing function Module *		
1.3 Deliver Marketing Research Module*		
1.4 Deliver Development of Marketing Strategy Module*		
1.5 Deliver of Pricing Policy Module*		
1.6 Preparing Marketing Plan*		
1.7 Deliver Product promotion, Advertising and PR*		
<i>Subtotal</i>		
<b>2. Other Direct Costs</b>		
<u>Trainers:</u>		
2.1 Training Materials		
<u>Equipment:</u>		
2.2 Hardware		
<u>Other:</u>		
2.3 Program Announcement		
2.4 Refreshments		
2.5 Office Supplies		
<i>Subtotal Direct Costs</i>		
<i>Recovery: 1% Mark-up</i>		
<i>Total Direct Cost</i>		
<b>3. Indirect Costs</b>		
3.1 Administration		
<i>Subtotal Indirect Costs</i>		
<i>Total Direct + Indirect Costs</i>		
<i>Subtotal Work Schedule Cost</i>		
<i>Client Recovery (50% of total fee paid) (-)</i>		
<b>TOTAL PURCHASE ORDER AWARD PRICE</b>		

### Cost and Billing Analysis

RDA _____		Costing and Billing Analysis		Period:
<b>Projected Fixed (Non-Recoverable) Costs on an annual basis</b>		<b>Total Annual costs</b>		
<b>Salaries:</b>		<b>Tax on Salaries</b>		<b>\$</b>
Director	\$ 350 per month	34.2%		5,636
Full Time staff Member 1	\$ 200 per month	34.2%		3,221
Part Time Staff Member 1	\$ 100 per month	34.2%		1,610
Full Time staff Member 2		34.2%		-
<b>Utilities</b>				
Rent	\$ 300 per month			3,600
Electricity	\$ 20 per month			240
Water	\$ 5 per month			60
Cleaning etc	\$ 25 per month			300
Heating	\$ 15 per month			180
<b>Non-chargeable Office Expenses (Office Only not project costs)</b>				
Stationary	\$ 40 per month			480
Telephone	\$ 50 per month			600
Email etc	\$ 10 per month			120
Marketing and sales work	\$ 25 per month			300
Training RDA staff	\$ 30 per month			360
Maintenance	\$ 15 per month			180
Misc	\$ 15 per month			180
Non-chargeable Travel costs	\$ 50 per month			600
Amortization (depreciation)	\$ 100 per month			1,200
Re-investment Reserve	\$ 0 per month			-
<b>Total Costs</b>				<b>18,868</b>
<b>Total time available</b>	<b>Work Days Available</b>	<b>Non-billable Days</b> (Administration, Marketing Sales etc)	<b>Billable Days</b>	
Director		40%	60%	
Full Time staff Member 1		30%	70%	
Part Time Staff Member 1		30%	70%	
Full Time staff Member 2		100%	0%	
Director	228	91	137	
Full Time staff Member 1	228	68	160	
Part Time Staff Member 1	100	30	70	
Full Time staff Member 2	0	0	0	
<b>Total</b>	<b>556</b>	<b>190</b>	<b>366</b>	
<b>Percentage of billable available days</b>				<b>66%</b>
<b>Billing Calculations</b>		<b>Cost</b>	<b>Charge-out rates</b>	
		\$	10% mark-up	15% mark-up
			\$	\$
Day rate for all work		51.5	56.6	59.2
Hourly rate based upon	6 hours per day	8.6	9.4	9.9





### Who are we?

The Albanian Small Business Credit and Assistance (SBCA) Project promotes the economic growth of communities through the development of Albanian small and medium enterprises. The priority sectors that are going to be assisted are agriculture, agribusiness, light manufacturing and other productive sectors. The Project is funded by USAID and is being implemented by Chemonics International Inc. – a U.S. consulting company.

### Project Objectives

To further the growth of small and medium enterprises (SMEs) in Albania by improving their Business, Technical and Financial Planning skills. This project is to provide loans and business training to small and medium enterprises, long considered an important engine of stable economic growth, that have graduated upward along a borrowing continuum. In addition to direct lending program, we will establish a loan guarantee program with one of the Albanian Commercial Banks.

### Chemonics Approach

**Implementation efficiency.** The SBCA Project will build on what exists and by leveraging additional resources of the already successful PSHM and RDA activities.

**Strengthening local consulting capacity.** By the strengthening of local professionals and, indirectly, the institutions with which they work. By bolstering local capacity from day one and throughout the project, we will leave a well trained cadre of experienced training and lending consultants to continue working with SEs in revitalized productive sectors.

**Targeting productive sector SE clusters.** SBCA will follow a modified cluster approach to group training. The enterprise cluster approach can create beneficial linkages and a multiplier effect that raises overall product quality. The project will explore new ways of strengthening small enterprises, such as: training, to achieve economies of scale in purchasing; shared-storage facilities in order to reduce costs; and, encouraging large companies to prepare subcontracting plans.

**Decentralized outreach.** The SBCA Project will hold training and individual counseling sessions in the regions where SEs exist. The combination of RDA training and PSHM lending ensures that SEs need not travel far to attend training

sessions or apply for credit. This approach ensures that SEs will interact with other local SEs, RDA trainers, and PSHM loan officers based in their regions, facilitating long-term synergistic relationships.

### Our Partners

Chemonics will implement the SBCA project in Albania in cooperation with PSHM and the RDAs.

**PSHM**, the Albanian affiliate of Opportunity International will carry out the direct lending component of the project by adapting current SE lending products and systems to the needs of productive sector enterprises.

**RDAs**, will provide general business training and consultancy and take the lead in providing direct business counseling to interested and eligible small enterprises. While RDA trainers will serve as relationship managers for individual productive sector SEs, they will receive training to build their skills in counseling and client relationship management through their network of 10 Regional Development Agencies.





**Location of PSHM and RDA  
Head and Branch Offices**

**PSHM**  
**RDA**

# ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROJECT

*Implemented by:*

**CERENCOUS INTERNATIONAL INC.**

*In partnership with:*

**PSHM**  
Partnership for Small and Medium Enterprises

**BUSA Agency**  
REGIONAL DEVELOPMENT AGENCIES

*Funded by:*

**USAID**  
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

**ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROJECT**

Rruga "Ismael Qemali", Godina "Frutari",  
Pallati 25, 8<sup>th</sup> Floor, No.31, Tirana - Albania  
Tel: +355-4-271475/6/7

65



## **ANNEX 8**

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### PARTICIPANTS INVITED TO THE SBCA KICK-OFF EVENT

**LIST OF INVITED GUESTS IN THE SBCA PROJECT KICK-OFF EVENT  
(July 24<sup>th</sup> 2002)**

<b>REGIONAL DEVELOPMENT AGENCIES (RDAs)</b>				
<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Institution</b>	<b>Tel/Fax/E-mail:</b>
1.	Pavli Kisi*	Chairman of the Board	Tirana RDA	Mob: 069 20 91 273 Email: pkisi@yahoo.com
2.	Ilir Rëmbeci	Executive Director	Tirana RDA	Tel & Fax: 042 35704 Email: ilirrda@albaniaonline.net
3.	Lauresha Grezda	Program Officer	Tirana RDA	Tel & Fax: 042 35704 Email: laura_rda@albuser.com
4.	Charlie Johnstone	Senior Consultant	Tirana RDA	Tel & Fax: 042 35704 Email: johnstonecharlie@hotmail.com
5.	Andrea Xhavera	Executive Director	Durrës Bus. & Econ. Promot. Centre	Tel & Fax: 355 52 23790 Email: qpbe@albnat.net
6.	Qamile Gishti	Executive Director	Berat RDA	Tel & Fax: 032 34364 Email: qgishti@albmail.com
7.	Gjenarin Shantoja	Executive Director	Shkodra RDA	Tel & Fax: 0224 2327/3678 Email: shantoja@albmail.com
8.	Hulusi Kokalari*	Executive Director	Gjirokastra RDA	Tel & Fax: 072 63813 Email: rdagj@albmail.com
9.	Dhimitraq Marku	Executive Director	Fieri RDA	Tel & Fax: 064 24537 Email: marko@albmail.com
10.	Ylldize Brahimaj*	Executive Director	Vlora RDA	Tel & Fax: +355 63 22928 Mobile: +355 692262384 Email: vlorerdaf@albnail.com
11.	Fisnik Hoxha*	Executive Director	Kruja RDA	Mob: 068 21 51 526 Email: rdakruje1@hotmail.com
12.	Naim Chief of Partye	Executive Director	Elbasan RDA	Tel & Fax: +355 54 52857 Email: +355 54 52857
13.	Maksim Sotiri*	Executive Director	Korça RDA	Tel & Fax: 05 45 28 57 Email: eelrda@albaniaonline.net
<b>PARTNERI SHQIPTAR NE MIKROKREDI (PSHM)</b>				
<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Institution</b>	<b>Tel/Fax/E-mail:</b>
14.	Jim Reiff	CEO	PSHM	Tel & Fax: + 355 4 246267 168 Email: jreiff@pshm.icc-al.org
15.	Perlat Sula	Credit Manager	PSHM	Tel & Fax: 04 246 267/246 268 Mob: 0682047047 Email: psula@pshm.icc-al.org
16.	Tony Gleason	Director of Operations	PSHM	Tel & Fax: +355 4 246 267/68 Email: tgleason@pshm.icc-al.org
<b>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)</b>				
<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Institution</b>	<b>Tel/Fax/E-mail:</b>
17.	Harry Birnholz	Director	USAID	Tel: +355 4 247285

18.	Robert Posner	Senior Program Advisor	USAID	Tel: +355 4 247285 ext 1 154 Fax: +355-4-232222 / 227904 Email: rposner@usaid.gov
19.	James Bonner*	Program Officer	USAID	Tel: 355 4 247285 Fax: 355 4 227904 E-mail: jbonner@usaid.gov
20.	Bart Kennedy*	CHIEF OF PARTY	Urban Institute	Tel: 355.42.27.945 Fax: 435.508.2242 Contact: Bart Kennedy bartkennedy@yahoo.com
21.	Alma Kospiri*	Program Assistant	USAID	Tel: 355 4 247285 ext. 2419 Fax: +355-4-232222 / 227904 Email: Akospiri@usaid.gov
22.	Kristaq Jorgji*	Activity Manager for Agriculture	USAID	Tel: 247285 ext 2418 Mob: 0692107597 Fax: 227904/ 232222 Email: kjorgji@usaid.gov
23.	Claude Freeman	Chief of Party	IFDC	Tel: +355-42-30022 Fax: 355-42-39684 Email: Claudef@ifdc.albnet.net
24.	Peter Furth*	Consultant	IFDC	Tel: (203) 329-7220 Fax: 203/329-3766 Email: peter@ffassociates.com
25.	Robert Pavaci	Horticulture Expert	IFDC	Tel/Fax: 355-4-239684 Mob: 355-682255144 Email: rpavaci@ifdcalbania.org
26.	Edlir Vokopola	Consultant	Urban Institute	Tel: 0682051660
27.	Deborah Wagner	Project Director	Land O'Lakes	Tel: +355 4 240646 / 240647 Fax: +355 4 250971 Email: dwagncr@icc.al.eu.org
28.	Ms. Jennifer L. Butz	Executive Director	National Democratic Institute	Tel/Fax: 247201 E-mail: ndialb@albnet.net
29.	Sheldon Markoff*	Chief of Party	IREX	Email: thetvgypsy@computerserve.com
30.	Sergio DeLa Fuente	Senior Associate	Regional Infrastructure Program	Tel & Fax: (703) 377-05183 Email: bahalbania@hotmail.com
31.	Kerry Eckstein*	Chief of Party	Trade Liberalization	Email: keckstain@doc.gov
32.	Yair Barness*		University of Nebraska	TEL: 04 34 57 91
33.	Gene Fominykh*	Chief of Party	U.S Energy Association	Email: heniuj@aol.com
34.	Matty Thimm	Country Director	World Learning	Email: mthimm@albnet.net
35.	Jeffrey T. Griffin*	President and CEO	Albanian-American Fund	Tel: (355) 42-34902 Fax: (212) 208-2453 E-mail: j.griffin@aaef.com.al

36.	Stephen Kelley*	Consultant	ABA/CEELI	Email: skelley@ceeli.icc-al.org
37.	Bill Kennedy	CHIEF OF PARTY	East-West Management Institute	Tel: 355 4 251 981 Fax: 355 4 251 982 Mobile: 0692090713 Email: bkennedy@ewmi.org
38.	Frida Krisha	Financial Assistant	Financial Services Volunteer Corps	Tel: 256296 Fax: 256290
39.	Ilia Çili	Deputy Director	Harry Fultz Foundation	Mob: 0682046644
<b>DONORS</b>				
<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Institution</b>	<b>Tel/Fax/E-mail:</b>
40.	Mikel Dushniku	Project Coordinator	GTZ	Tel: +355 4 34605 Fax: +355 4 34605 Email: gtzsmel@interalb.net
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42.	Kevin McLaughlin*	Chief of Party	International Organization for Migration (IOM/MISP)	Tel: 259834 E-mail: kmclaughlin@iomtirana.org.al
43.	Mimoza Gjika	Program Coordinator	SOROS	Tel: +355 4 234621/3 Fax: +355 4 248 213
44.	Elira Sakiqi*	Program Manager	IFC	Tel: +355 42 405 87 8 9 Fax: +355 42 405 Email: esakiqi@worldbank.org
45.	Ylli Çabiri*	Chairman	HRD	Tel: + 355 4 230 818
46.	Terry Blagg	Chief of Party	Banking Supervision	Tel: 222152 Fax: 223558 E-mail: tblagg@albaniaonline.net
<b>BANKS</b>				
<b>No.</b>	<b>Name</b>	<b>Position</b>	<b>Institution</b>	<b>Tel/Fax/E-mail:</b>
47.	Lorenc Roncari	President & CEO	American Bank	Tel: 248 753
48.	Ardiana Ujka	Credit Manager	American Bank	0682032142
49.	Ines Hobdari	Associate Banker	EBRD	Tel: +355 4 232 898/235 204 Fax: +355 4 230 580 Email: hobdarii@tir.ebrd.com
50.	Emmanuel Becamps	Executive Director	FEFAD	Tel: +355 4 230433/ 233496 Fax: +355 4 233481
51.	Petar Krastev	Executive Director	First Investment Bank	Tel: 04 256 423 04 256 424 Fax: 04 256 422
52.	Arif Shabab*	Credit Manager	Arab Albanian Islamic Bank	Tel: 04 228460 / 223873/237408 Fax: 04 228460 Ext: 115 Email: Arif_Shabab@yahoo.com

53.	Alessandro Limata	Credit Manager	Italian Albanian Bank	Tel: 04 233965 Fax: 04 235700 Mob: 0682043361 Email: biatia@adanet.com.al
54.	Francesco Pistrutto*	General Deputy Director	Italian Albanian Bank	Tel: 04 233965 Fax: 04 235700 Email: bia2@adanet.com.al
55.	Vasilios Filis*	Manager	National Bank of Greece	Tel: 04 243730 Fax: 04 233613 Telex: 2243 NBG TR AB
56.	Riza Rexhepi	Manager Economic Department	Dardania Bank	Tel: 04 228759/259350/51 Fax: 04 230566 Telex: 2298DB banc AB
57.	Bulent Kasati	Credit Manager	National Commercial Bank	Tel: 04 266 276/7/8
58.	Luigj Gjonaj	Branch Manager	National Commercial Bank, Branch 3	Tel: 04 222431 Fax: 04 222431
59.	Elias Foros*	Executive Officer	Commercial Bank of Greece	Tel: 355 4 258755-60 Fax: 355 4 258752
60.	Dimitris Karavias	Executive Director	Tirana Bank	Tel: 04 269 430
61.	Kostandin Galiaos*	Manager of Treasury	Tirana Bank	Tel: 04 269 430
	Eni Koço	Business Director	Savings Bank	Tel: +355 4 224540/ 222669 Fax: +355 4 230013
62.	Lee Chong Pa, Aleks*	Executive Director	International Commercial Bank	Tel: 23 75 67/ 68/ 69 Fax: 23 75 70

**GOVERNMENT**

No.	Name	Position	Institution	Tel/Fax/E-mail:
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65.	Bashkim Sykja*	Business Director	Ministry of Economy	Tel: +355 4 364 673
66.	Ermelinda Meksi*	Minister of Economy	Ministry of Economy	Tel: +355 4 364 658

**HISTORY**

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69.	Aurel Grabocka*	Executive Director	MADA	Tel: 082 52 601
<b>OTHER PROJECTS</b>				
70.	Genc Ruli*	President	ISB	Tel: +355 4 234 868 / 251 010
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72.	Carlos Guerrero	Country Project Director	MSI	Tel: +355 4+256290 137 Fax: +355+4+25629 Email: msiguerrero@albnmil.com
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<b>OTHERS</b>				
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80.	Lisa A.Tripodi*	Organization Development Advisor	Assistance to Albanian Agricultural Associations	Tel: (355) (42) 39002 Fax: 355) (42) 23638 Mob: (038) 202-9890 Email: lisa@ifdcalbania.org
81.	Marcel Boogaerts*	Development Economist	Ministry of Economic	Tel: 355-4-364673 Fax: 355-4-364658 Email: boogma@interalb.net
82.	Leida Matja	Executive Director	Albanian Junior Achievement Foundation for Economic Education of Youth	Tel: 00 355 4 236004 Mob: 00 355 682275278 Email: lmatja@hotmail.com
80.	Ida Kostaj	Finance Manager	SME Foundation	Tel: +355 4 230 983 / 248 095 Fax: 355 4 234 892 Email: fbv@albmail.com

\* Unable to attend.



**ANNEX 9**

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E-MAIL ADDRESSES OF SBCA EMPLOYEES

**E-MAIL ADDRESSES OF SBCA EMPLOYEES**

<i>Name</i>	<i>Position</i>	<i>E-mail address</i>
Jeff Houghton	Chief of Party	jhoughton@sbca-project.org.al
Anila Arapi	SME Network Manager	aarapi@sbca-project.org.al
Arjana Xhafa	Loan Development Manager	axhafa@sbca-project.org.al
Ines Dika	Business Development Manager	idika@sbca-project.org.al
Erald Kanini	Business Information Officer	ekanini@sbca-project.org.al
Klodian Deliallisi	Office Manager	kdeliallisi@sbca-project.org.al
Rajmonda Mesiti	Secretary / Office Assistant	rmesiti@sbca-project.org.al

## **ANNEX 10**

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### PERFORMANCE BASED MANAGEMENT TASK SCHEDULE



**Performance-Based Management Task Schedule**  
**Activity: Small Business Credit and Assistance Program (SBCA)**  
**Implementer: Chemonics International**

Performance Tasks:	Calendar Year 2002						Year 1 TOTAL	Calendar Year 2003						Year 2 TOTAL	Calendar Year 2004						Year 3 TOTAL	PROGRAM TOTALS
	Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		
Number of businesses assisted in the agriculture and agribusiness sectors																						
Planned	0	49	49	84	133	300	433	171	191	362	135	497	180	677	92	82	174	55	229	60	289	1399
Actual	0	0	0	16	16		16			0		0		0			0		0		0	16
Variance	0	-49	-49	-68	-117	-300	-417	-171	-191	-362	-135	-497	-180	-677	-92	-82	-174	-55	-229	-60	-289	-1383
Explanation/Comments																						
Number of enterprises assisted in non-agriculture production sectors																						
Planned	0	33	33	58	91	205	296	124	140	264	115	379	150	529	68	58	126	34	160	46	206	1031
Actual	0	0	0	18	18		18			0		0		0			0		0		0	18
Variance	0	-33	-33	-40	-73	-205	-278	-124	-140	-264	-115	-379	-150	-529	-68	-58	-126	-34	-160	-46	-206	-1013
Explanation/Comments																						
Number of production sector borrowers achieving positive cash flow																						
Planned	0	0	0	0	0	0	0	39	66	105	71	176	85	261	50	90	140	50	190	35	225	486
Actual	0	0	0	10	10		10			0		0		0			0		0		0	10
Variance	0	0	0	10	10	0	10	-39	-66	-105	-71	-176	-85	-261	-50	-90	-140	-50	-190	-35	-225	-476
Explanation/Comments																						
Number of loan applications submitted																						
Planned	0	0	0	50	50	170	220	85	100	185	70	255	90	345	60	53	113	22	135	30	165	730
Actual	0	0	0	29	29		29			0		0		0			0		0		0	29
Variance	0	0	0	-21	-21	-170	-191	-85	-100	-185	-70	-255	-90	-345	-60	-53	-113	-22	-135	-30	-165	-701
Explanation/Comments																						
Number of loans extended to agriculture, livestock, and non-agriculture SMEs																						
Planned	0	10	10	21	31	26	57	33	50	83	65	148	56	204	50	90	140	50	190	35	225	486

ALBANIA SBCA PROJECT QUARTERLY REPORT: JUNE – AUGUST 2002

Performance Tasks:	Calendar Year 2002						Year 1 TOTAL	Calendar Year 2003						Year 2 TOTAL	Calendar Year 2004						Year 3 TOTAL	PROGRAM TOTALS
	Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		
Actual	0	0	0	24	24		24			0		0		0			0		0		0	24
Variance	0	-10	-10	3	-7	-26	-33	-33	-50	-83	-65	-148	-56	-204	-50	-90	-140	-50	-190	-35	-225	-462
Explanation/Comments																						
Number of full-time employment positions attributable to SBCA loans and training																						
Planned			0		0		0			0	75	75	75	150	100	100	200	100	300	100	400	550
Actual			0		0		0			0		0		0			0				0	
Variance	0	0	0	0	0	0	0	0	0	0	-75	-75	-75	-150	-100	-100	-200	-100	-300	-100	-400	-550
Explanation/Comments																						
Increase in client sales attributed to SBCA																						
Planned							2%							4							5%	11%
Actual																						
Variance	0	0	0	0	0	0	-0.02	0	0	0	0	0	0	-4	0	0	0	0	0	0	-0.05	-0.11
Explanation/Comments																						
Number of persons trained in loan application procedures																						
Planned		20	20	40	60	170	230	100	120		80		200	500	82	100		30		50	262	992
Actual			0	5	5																	
Variance	0	-20	-20	-35	-55	-170	-230	-100	-120	0	-80	0	-200	-500	-82	-100	0	-30	0	-50	-262	-992
Explanation/Comments																						
Number of business assistance group training sessions held																						
Planned		4	4	8	12	22	34	11	13	24	8	32	12	44	6	7	13	3	15	4	19	97
Actual			0		0		0			0		0		0			0		0		0	0
Variance	0	-4	-4	-8	-12	-22	-34	-11	-13	-24	-8	-32	-12	-44	-6	-7	-13	-3	-15	-4	-19	-97
Explanation/Comments																						
Number of businesses receiving business development training																						
Planned		80	80	140	220	500	720	285	315	600	225	825	300	1125	145	120	265	75	340	100	440	2285
Actual			0		0		0			0		0		0			0		0		0	0

ALBANIA SBCA PROJECT QUARTERLY REPORT: JUNE – AUGUST 2002

Performance Tasks:	Calendar Year 2002						Year 1 TOTAL	Calendar Year 2003						Year 2 TOTAL	Calendar Year 2004						Year 3 TOTAL	PROGRAM TOTALS
	Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		Q1	Q2	YTD	Q3	YTD	Q4		
Variance	0	-80	-80	-140	-220	-500	-720	-285	-315	-600	-225	-825	-300	-1125	-145	-120	-265	-75	-340	-100	-440	-2285
Explanation/Comments																						
Number of businesses receiving training in specialized business practices																						
Planned		2	2	4	6	5	11	10	12	22	25	47	30	77	15	20	35	14	49	8	57	145
Actual			0		0		0			0		0		0								0
Variance	0	-2	-2	-4	-6	-5	-11	-10	-12	-22	-25	-47	-30	-77	-15	-20	-35	-14	-49	-8	-57	-145
Explanation/Comments																						
Number of businesses receiving one-on-one business counseling services																						
Planned		30	30	50	80	70	150	100	120	220	50	270	80	350	110	130	240	100	340	60	400	900
Actual			0	5	5		5			0		0		0			0		0		0	
Variance	0	-30	-30	-45	-75	-70	-145	-100	-120	-220	-50	-270	-80	-350	-110	-130	-240	-100	-340	-60	-400	-900
Explanation/Comments																						
Value of loans disbursed																						
Planned USD/ 000		50	50	200	250	700	950	330	250	580	150	730	430	1160	200	500	700	200	900	0	900	3010
Actual			0	88	88		88			0		0		0			0		0		0	88
Variance	0	-50	-50	-112	-162	-700	-862	-330	-250	-580	-150	-730	-430	-1160	-200	-500	-700	-200	-900	0	-900	-2922
Explanation/Comments																						
Minimum loan \$ 5,000																						
Maximum loan \$15,000 to \$16,000																						

## **ANNEX 11**

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TRAINING MODULES REVIEWED BY SBCA



### **Training Module Annex**

◆ **For new starters they are providing the following training topics:**

*Schedule:* 1 week, (25 hours)

*Content:*

- Assess your potential entrepreneurship
- Business idea development
- Evaluate your market
- Organize your business
- Choose your best legal business form
- Know your business responsibilities
- Calculate your cost
- Evaluate your initial capital
- Make your financial plan

◆ **For managers that have a long time being in the business but need to enhance their managerial skills they are providing the following topics:**

*Schedule:* 1 week, (35 hours)

*Content:*

- Plan your business
- Marketing mix
- Steps to be followed in the buying process
- Stock. Stocktaking. Control your stock
- Costs and costing
- Costing for a manufacturer/service operator
- Record keeping and how it affects your business
- Sales and expenses forecast
- Make your cash flow plan

◆ **For Finance and Accounting department they are providing the following topics:**

*Schedule:* 30 hours

*Content:*

- Legal framework
- Introduction in public accounting
- Revenues and expenses
- Accountability book
- Structure of annual accounts of an institution
- Financial account
- Exercises for public accounting

◆ **For a countryside businesswomen they have adjusted the following topics:**

*Schedule:* 5 days, 3 hours/day

*Content:*

- SWOT, credit line requirements
- Business Goal
- Your market concept
- Will your project be available
- What will be your investment plan
- What will be your product/service costs
- Planning your profit & loss statement
- Make your financial plan
- Liquidity importance for your business

◆ **They provide the following computer courses to unemployment's**

*Schedule:* 8 weeks, (72 hours)

*Content:*

- Knowledge in Hardware
- Main Commands of MS/Dos
- MS/Windows 95
- MS/Word 97
- MS/Excel 97
- Access
- Importations from other applications
- E-mail and internet

◆ **They provide the following topics to the businesses to prepare business planning**

*Schedule:* 2 weeks, (30 hours)

*Content:*

- You and your business
- Project Description
- Market Concept & Analyses (supply, input market, opening up new markets).
- Investment & Financing Plan
- Estimation of your Project Viability (Sales revenues, costs, start-up losses, profit and loss forecast, cash-flow planning)

◆ **They provide motivation courses, with the following topics:**

*Schedule:* 3 days, (9 hours)

*Content:*

- Unlocking Competencies
- Personal entrepreneurs characteristic, CV, Goal setting;
- Matching Person with Project
- SWOT Analysis, Micro-screening
- Briefing on taxes, legal forms of business
- Information of loan requirements

◆ **They provide marketing courses with the following topics:**

*Schedule:* 3 days, (18 hours)

*Content:*

- Introduction to Marketing
- Product Management and Strategy
- Competition and Market Share
- Price your products
- Make your sales forecast
- Distribution & location
- Select your own promotion strategy and tools.

These topics are flexible to change acc. to specified training needs.

◆ **They provide specific cost calculation training according to the needs of the financial-accounting departments' needs.**

*Schedule:* 5 hours

*Content:*

- Introduction to costing
- Variable and fixed costing
- Direct and indirect costing
- Cost calculation
- Cost controlling

◆ **They provide different training in taxation system, legislation etc.**

*Schedule:* 5 hours

*Content:*

- Tax and taxation in Albania
- Profit taxation
- Taxation for small business

- Different types of taxes; subjects, exemptions, rates, payment terms, declaration, violations and sanctions.
- Value added tax
- Accounting of taxes

All those training are provided by different trainers that RDA's use. They are trainers of different fields such as: Legal advisers, accountants, informaticants, marketing and financial professors etc. SBCA has collected their CVs.

## **ANNEX 12**

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### TIMELINE OF PROPOSED JOINT SBCA/RDA TRAINING EVENTS

### SBCA - Training Implementation Timeline

Number of Businesses to be Trained	Cluster Description	Implementation Timeline												
		SEP				OCT				NOV				
		02-06	09-13	16-20	23-30	01-04	07-11	14-18	21-31	04-08	11-15	18-22	25-29	02-06
		1	2	3	4	1	2	3	4	1	2	3	4	1
Dairy Cluster														
12	Training in Vlora													
40	Training in Gjirokastra													
Scrap metal cluster														
15	Training in Tirana													
30	On-site training													
Fish cluster														
30	Training in Vlora													
15	Training in Durres													
15	Training in Shengjin													
Herbs and Spices Cluster														
20	Training in Shkodra													
10	Training in Malesia e Madhe													
Honey/Beekeeping Cluster														
12	Training in Gjirokastra													
12	Training in Tepelena													
Olive Production and Processing Cluster (TBD)														
Wood Processing Cluster (TBD)														
Textile and Carpet Production Cluster (TBD)														
211														

## **ANNEX 13**

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APPROVED PSHM COST-SHARING BUDGET

**APPROVED PSHM COST-SHARING BUDGET**

The cost Structure which is approved by SBCA, PSHM and USAID is as following:

<b>Cost Category</b>	<b>Budget Allocation in US\$</b>
1. Salaries	\$143,148
2. Travel and Transportation	\$64,062
3. Other Direct Costs	\$6,221
4. Indirect Costs	\$14,315
<b>TOTAL</b>	<b>\$227,746</b>

**Approved Project Budget**

<b>Item</b>	<b>TA Grant Amount</b>	<b>Cost-sharing Amount</b>	<b>TOTAL</b>
<b>1. Salaries</b>			
A. Short-term Expatriate Specialists	\$62,790	\$13,000	\$75,790
• Specialist			
• Project Manager			
• Oversight			
• MIS Man			
• Home Officer			
B. Short-term Home Office Specialists	\$80,358	\$30,000	\$110,358
• Specialist			
• Project Manager			
• Oversight			
• MIS Man			
• Home Officer			
<b>Subtotal, Salaries</b>	<b>\$143,148</b>	<b>\$43,000</b>	<b>\$186,148</b>
<b>2. Travel</b>			
A. International Travel	\$19,473	\$500	\$19,973
B. In-country Travel	\$309	\$1,500	\$1,809
C. Per Diem & site visits	\$44,280	\$1,680	\$45,960
<b>Subtotal, Travel</b>	<b>\$64,062</b>	<b>\$3,680</b>	<b>\$67,742</b>
<b>3. Other Direct Costs</b>			
A. DBA Insurance	\$2,204	0	\$2,204
B. Medex Insurance	\$308	0	\$308
C. Others	\$3,709	0	\$3,709
• Communications			
• Conferences			
• Workshops			
• Seminars			
<b>Sub Total other direct costs</b>	<b>\$6,221</b>	<b>0</b>	<b>\$6,221</b>
<b>4. Indirect Costs</b>			
A. Indirect Costs			
B. 10% salary			
<b>Subtotal, Indirect Costs</b>	<b>\$14,315</b>	<b>\$10,260</b>	<b>\$10,260</b>
<b>TA GRAND TOTAL</b>	<b>\$227,746</b>	<b>\$56,940</b>	<b>\$284,686</b>



## **ANNEX 14**

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PRE-QUALIFICATION FORM, SYSTEMS FLOWCHART  
AND SYSTEMS DESCRIPTION

## SME FUND PREAQUALIFICATION FORM

### FORMULAR I PARAKUALIFIKIMIT PER FONDIN E SME-ve

**Date completed:**  **Client Ref. No.:**  **For number:**   
 Plotësuar me date:  Nr. Ref. të klientit:  Formulari numër:

**I. PERSONAL INFORMATION / INFORMACION PERSONAL**

<b>1.1 Client's name /</b> Emri i klientit:	<b>1.5 Passport or ID/</b> Pasaportë ose Karte Identiteti:	
<b>1.2 Father's name /</b> Atësia:	<b>1.6 Birthplace /</b> Vendlindja:	
<b>1.3 Marital status /</b> Gjendja Civile:	<b>1.7 Education /</b> Arsimimi:	
<b>1.4 Address/Adresa:</b>	<b>District:</b>	<b>Tel:</b>

**II. COMPANY INFORMATION / INFORMACION RRETH KOMPANISE**

<b>2.1 Name of company or person:</b> Emri i kompanisë ose personit:	<b>2.3 Type of business or activity:</b> Tipi i biznesit ose aktivitetit:
<b>2.2 Location /</b> Vendndodhja:	<b>2.4 Standard Industrial Code:</b> Kodi Standart Industrial:

**III. LEGAL INFORMATION / INFORMACION LIGJOR**

<b>3.1 Individual:</b> Individ:	<input type="checkbox"/>	<b>3.2 Physical person:</b> Person fizik:	<input type="checkbox"/>	<b>3.3 Legal person:</b> Person juridik:	<input type="checkbox"/>	<b>Number of owners:</b> Numri i pronarëve:	<input type="checkbox"/>	<b>Date of establishment:</b> Data e krijimit:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**IV. FINANCIAL INFORMATION / INFORMACION FINANCIAR****4.1 Number of employees /** Numri i punonjësve:

<b>4.2 Sales /</b> Shitjet	2000	2001	6M / 2002	<b>4.3 Profit /</b> Fitimi	2002	2001	6M / 2002
Lek / 000				Lek / 000			
USD / 000				USD / 000			

<b>4.4 Amount of loan needed /</b> Shuma e kredisë:	<b>4.5 Purpose/</b> Qëllimi:
--	------------------------------

**4.6 Collateral and Type / Garancia**

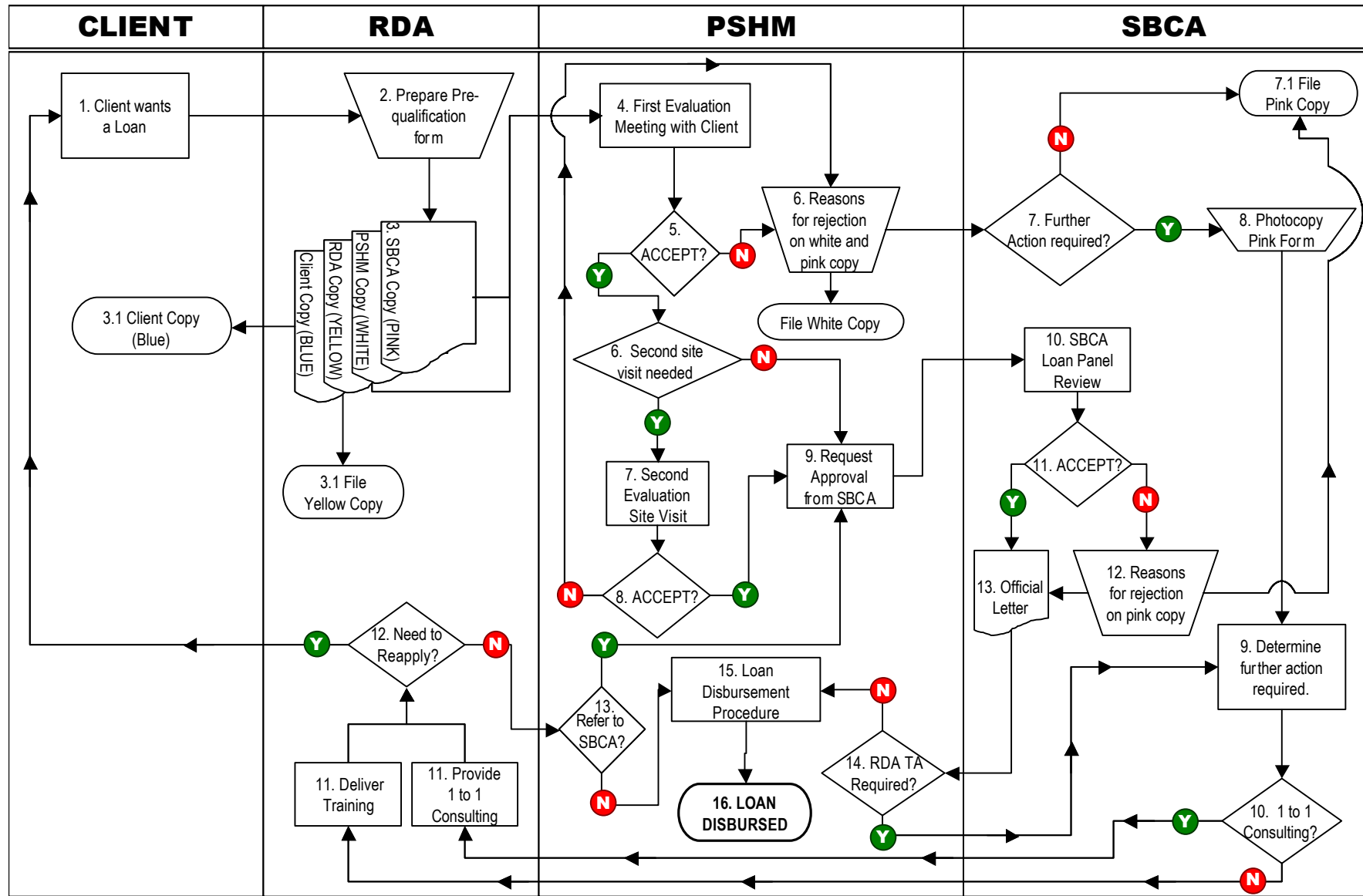
<b>4.6.1 Immovable property:</b> Pasuri i patundshme:	Land Tokë	<input type="checkbox"/>	House Shtëpi	<input type="checkbox"/>	Building Ndërtesë	<input type="checkbox"/>	Other Tjetër	<input type="checkbox"/>
<b>4.6.2 Movable property:</b> Pasuri e tundshme:	Equipment Makineri	<input type="checkbox"/>	Other: Tjetër:	<input type="checkbox"/>	Specify Specifikoni	<input type="text"/>		
<b>4.6.3 Cash collateral:</b> Garanci në para:	Amount Shuma	<input type="text"/>						
<b>4.7 Previous loan:</b> Huaja e mëparshme:	Amount Shuma	<input type="text"/>	Term Koha shlyerjes	<input type="text"/>	Name of institution Emri i institucionit	<input type="text"/>		

**V. HOW DID YOU FOUND OUT ABOUT THE PROJECT? / NGA E MORET INFORMACIONIN RRETH PROJEKTIT?**

--

<b>PSHM COMMENTS / KOMENTET E PSHM:</b>  Date of approval: Data e miratimit: Amount approved: Shuma e hyasë miratuar: Reasons for rejection: Arësytet për mospranim:	<b>RDA COMMENTS / KOMENTET E ARZH:</b>  <div style="text-align: center; font-size: 2em; opacity: 0.5; transform: rotate(-45deg); pointer-events: none;">For Office Use</div>	<b>SBCA COMMENTS / KOMENTET E SBCA:</b>  Date of loan approval: Data e miratimit të huasë: Reasons for rejection: Arësytet për mospranim:
<b>SBCA COPY</b>	<b>SBCA COPY</b>	<b>SBCA COPY</b>

# SME FUND PREQUALIFICATION FORM SYSTEM FLOWCHART



## PSHM LOAN APPROVAL PROCESS

1. Client wants a loan and goes to RDA.
2. RDA prepares a pre- qualification form.
3. Pre- qualification is prepared in four copies:
  - SBCA copy (Pink)
  - PSHM copy (White)
  - RDA copy (Yellow)
  - Client copy (Blue)
- 3.1 RDA files the yellow copy and gives the blue to the client and sends to PSHM office both pink and white copies.
4. PSHM Loan Officer has a meeting with the client.
5. PSHM decides whether to accept the client or not .
  - A. 5.If no:**
  - 6. Reasons for rejections are given in the white and pink copy. PSHM files the white copy and sends pink copy to SBCA.
  - 7. SBCA decides if further action should be required with the client or not such as training or one to one counselling.
    - 7.If no:**
    - 7.1 SBCA files the pink copy
    - 7. If yes:**
    - 8. SBCA photocopies the pink Form, records it in the protocol, and gives a copy to SME Network Manager (SME NM) and Business Development Manager (RDM).
    - 9. Both of them determine the further action that should be taken with the Client.
    - 10.**They decided if the client if the client should have one to one counselling:
      - 10. If yes or no:**
      - 11.RDA provides one to one counselling or deliver training to the client.
      - 12.The RDA decides whether the client needs to reapply or not.
        - 12. If no:**
        - The client returns to step 1 and continue the process.
        - 12. If yes**
      - 13.PSHM makes the decision whether the client should be referred to SBCA or not.
        - 13. If no:**
        - Client follows the step 15 to 16 of B.
        - 13.If yes:**
        - Client follows the steps from 9 to 16 of B.
    - B. 5. If yes:**
    - 6. PSHM decides whether to make a site visit or not:
      - 6. If yes:**
      - 7. PSHM makes the site visit and evaluates the client.
      - 8. After the visit PSHM decides whether to accept or not the client
        - 8. If no:**
        - PSHM proceeds according to steps 6 – 12 of A.
        - 8. If yes:**
        - 9. PSHM requests the approval from SBCA.
        - 10.SBCA reviews the Loan requests by PSHM.
        - 11.SBCA decides whether to accept or not the client.
          - 11. If yes or no:**
          - 12.The list of approved client is given and reasons for rejection are given and written on the pink copy. Pink copy is filed.
          - 13.The official letter with the approval and rejections is sent to PSHM.
          - 14. PSHM receives the official letter from SBCA and decides whether the client needs technical assistance from RDA or not.

**14. If no:**

15. PSHM continues with the loan procedure.

16. PSHM disburses the loan.

**14. If yes:**

9. The client is sent to SBCA to determine if further action is required and process continues according to steps 9 to 12 of A.

**6. If no:**

Process continues according to steps 9 to 16 of B.



## **ANNEX 15**

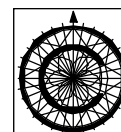
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### EXAMPLES OF THE PSHM APPROVAL REQUESTS AND SBCA APPROVAL LETTER



## ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROGRAM

Rruga Ismail Qemali, Pallati 25 (Godina Fratari)  
Kati 8të Ap. 31, Tirana, Albania  
Tel: +355-4-271475 /6 /7 • Fax: +355-4-271478  
E-mail: info@sbca-project.org.al



CHEMONICS

Tirana, June 30, 2002

James Reiff  
Chief Executive Officer  
Partneri Shqiptar ne Mikrokredi (PSHM)  
Rr. Gjin Bue Shpata, Nr. 7/1  
Tirana, Albania

Dear Mr. Reiff,

Please, find following the list of the clients approved and rejected already from SBCA according to your request:

Nr.	Name and Surname	Loan Amount Requested	Approved	Rejected
1	Eliverta Shtylla	USD 12,000	Approved	
2	Rasim Gjika	USD 20,000	Approved	
3	Agron Xhyra	USD 20,000	Approved	
4	Simon Lamaj	USD 10,000	Approved	
5	Dragush Vogli	USD 20,000	Approved	
6	Halil Karaj	USD 14,000	Approved	
7	Aferdita Hajredini	USD 7,000		Rejected
8	Gjovalin Shtjefni	USD 7,000	Approved	
9	Arben Kola	USD 10,000	Approved	
10	Zef Keqaj	USD 5,000	Approved	
11	Leonard Cikliqaj	USD 5,000		Rejected
12	Kico Noti	LEK 1,500,000 (\$ 10,000)	Approved	
13	Tonin Gjinollari	LEK 1,500,000 (\$ 10,000)	Approved	
14	Bilbil Abazi	Lek 1,000,000 ( \$7,000)	Approved	
	<b>Total amount approved</b>	<b>USD 145,000</b>		

Sincerely Yours

Jeff Houghton  
Chief of Party



## LOANS REQUESTED BY PSHM IN JUNE 2002

No.	Name Surname	District	Type of Business	No. of employees	No. of loans with PSHM	Amount Loaned last Cycle	PSHM History	Average No. of Days Late	Loan Amount requested use and tenure
1	Eliverta Shtylla	Tirane	Production of Trahana and Packing and Trade of Vegetables	3	1	Lek 300,000	10	0	Wants 12,000 USD to buy a refrigerator and also a vehicle refrigerator. They will help her reduce cost of production and also improve delivery, and also when there is not a season of production engage in other trade activities
2	Rasim Gjika	Kruje	Production of Bread and Sausages	15	2	\$6,900	12	0	Wants a 20,000 USD to invest in improving quality and diversifying products of sausages the produces
3	Agron Xhyra	Elbasan	Dairy Processing + Hotel + Bar Restaurant + Furniture Trade	3	1	Lek 500,000	10	0,4	Want a 20,000 USD to invest in purchasing dairy processing equipments and packaging yougort
4	Simon Lamaj	Laç	Sausage Production + Bakery + Mini-market	7	1	Lek 500,000	4	0	Want a 10,000 USD to invest in the new business place he has finished and moved in.
5	Dragush Vogli	Kruje	Production of Artistic of Wood Articles	150	1	Lek 500,000	4	0	Wants a 20,000 USD for working capital (wants to buy inventory.)
6	Halil Karaj	Kruje	Production of stones and gravel	4	1	Lek 500,000	12	0	Wants 14,000 USD to purchase equipment to improve efficiency and increase production
7	Aferdita Hajredini	Tirane	Retail of Groceries	2	2	Lek 300,000	12	0	Wants a 7,000 USD to invest in the business place, to open up a storage that will improve his turnover and reduce cost of purchasing goods
8	Gjovalin Shtjefni	Shkoder	Printing House	4	3	Lek 600,000	22	0,1	Wants a \$7,000 US loan to purchase an equipment and for financing raw materials
9	Arben Kola	Shkoder	Dairy Processing	3	2	Lek 800,000	15	0,6	Wants a \$10,000 US loan for increasing the business space and adding some more equipments
10	Zef Keqaj	Shkoder	Collection and export of medicinal plants	20 (seasonal)	Recommended by the RDA Shkodra	none			Wants a loan of 5,000 USD for collecting at the season
11	Leonard Cikliqaj	Shkoder	Production of clothes	36	He has been client of Besa for two cycles	none			Wants a a loan of 5,000 USD for purchasing raw material
12	Kico Noti	Tirane	Production of trahane	4	1	Lek 500,000	12	0	Wants a 1,500,000 Leke loan for purchasing equipment and raw material
13	Tonin Gjinollari	Tirane	Bakery	6	2	Lek 500,000	12	0	Wants a 1,500,000 Leke loan for purchasing equipment and raw material
14	Bilbil Abazi	Tirane	Bakery	6	1	Lek 450,000	4	0	Wants a 1,000,000 Leke loan for purchasing equipment and raw material

**ANNEX 16**

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PSHM LOAN REQUESTS TO AUGUST 31, 2002

## PSHM LOAN REQUESTS TO AUGUST 31, 2002

No	Name Surname	Date of application	District	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decesion	Date of disbursment	Date of rejection	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR				
	June 2002														
1	Eliverta Shtylla		Tirane	Production of Trahana and Packing and Trade of Vegetables	PSHM		12,000					Approved	still in process		
2	Rasim Gjika		Kruje	Production of Bread and Sausages	PSHM		20,000			10,000		Approved	01/07/2002		
3	Agron Xhyra		Elbasan	Dairy Processing + Hotel + Bar Restaurant + Furntiture Trade	PSHM		20,000					Approved		30/06/2002	Approved by SBCA and PSHM for USD 8,000 which client didn't like to take.
4	Simon Lamaj		Laç	Sausage Production + Bakery + Minimarket	PSHM		10,000					Approved			Client approved by SBCA and PSHM but the process stoped since the client would not like to have the loan.
5	Dragush Vogli		Kruje	Production of Artistic of Wood Articles	PSHM		20,000				7,064	Approved	01/07/2002		
6	Halil Karaj		Kruje	Production of stones and gravel	PSHM		14,000					Approved		30/06/2002	Approved by SBCA but rejected by PSHM since the bussiness plan didn't support the size of invetsment.

ALBANIA SBCA PROJECT QUARTERLY REPORT: JUNE – AUGUST 2002

No	Name Surname	Date of application	District	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decesion	Date of disbursment	Date of rejection	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR				
7	Aferdita Hajredini		Tirane	Retail of Groceries	PSHM		7,000					Rejected		30/06/2002	Rejected by SBCA since doesn't fit with the cluster
8	Gjovalin Shtjefni		Shkoder	Printing House	PSHM		7,000		1,000,000			Approved	31/07/2002		
9	Arben Kola		Shkoder	Dairy Processing	PSHM		10,000		1,800,000			Approved	02/08/2002		
10	Zef Keqaj		Shkoder	Collection and export of medicinal plants	RDA Shkodra		5,000		500,000			Approved	31/07/2002		
11	Leonard Cikliqaj		Shkoder	Production of clothes	PSHM		5,000					Rejected		30/06/2002	Rejected by SBCA since the loan size was too small.
12	Kico Noti		Tirane	Production of trahane	PSHM	1,500,000						Approved	still in process	30/06/2002	
13	Tonin Gjinollari		Tirane	Bakery	PSHM	1,500,000			1,500,000			Approved	01/07/2002		
14	Bilbil Abazi		Tirane	Bakery	PSHM	1,000,000			800,000			Approved	01/07/2002		
<b>July 2002</b>															
15	Lezina Gjoni		Tirana	Restaurant	PSHM		20,000					Rejected		20/08/2002	Rejected by SBCA since doesn't fit with the cluster
16	Gezim Kasemi		Fier	Production of iron works	PSHM	1,000,000			850,000			Approved	19/07/2002		
17	Simon Lala		Tirane	Production of granit as a raw materail	PSHM		20,000			20,000		Approved	25/07/2002		
18	Ndue Macaj		Tirane	Processing of marble	PSHM		10,000		800,000			Approved	10/07/2002		
<b>August 2002</b>															
19	Sotirag Duci		Tirane	Production of wir nets fencing	PSHM			20,000				Approved	still in process		

ALBANIA SBCA PROJECT QUARTERLY REPORT: JUNE – AUGUST 2002

No	Name Surname	Date of application	District	Type of Business	Source	Amount Required			Amount Disbursed			SBCA Decesion	Date of disbursment	Date of rejection	Reason for rejection or others
						LEK	USD	EUR	LEK	USD	EUR				
20	Shpetim Bejleri		Tirane	Production of fruits and vegetables conserves	PSHM		20,000					Approved	still in process		
21	Ferit Cela		Elbasan	Bulding a water supply system	PSHM	1,500,000						Approved			
22	Shpetim Mehmetaj		Tirane	Detergents and shampoos production	PSHM		15,000					Approved			
23	Qamil Syla		Tirane	Publishing House	PSHM		25,000					Approved			
24	Ali Nerjaku		Shijak	Scrap metal	CI		20,000					Approved			
25	Alfred Naska		Durres	Fishing Boat	PSHM	1,000,000						Approved			
26	Merian MATI		Shkoder	Furniture Production	PSHM	1,500,000						Approved			
27	Martin Frroku		Shkoder	Duralumin Production	PSHM	1,500,000						Rejected		29/08/2002	Rejected by SBCA since doesn't fit with the cluster
28	Kujtim Kopliku		Shkoder	Beverages Production	PSHM	2,000,000						Approved			
29	Ludovig Doda		Shkoder	Gas Station	PSHM	1,500,000						Rejected			



**ANNEX 17**

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DIRECT LOANS DISBURSED UP TO THE END OF AUGUST 2002

**DIRECT LOANS DISBURSED UP TO THE END OF AUGUST 2002**

No.	Client Code	Company (1)	Gender	Activity	Lek	USD	EURO	Date of disbursement	Collateral	Date of Maturity	Outstanding principal		
											Leke	USD	EUR
1	100288	Rasim Gjika	Male	Meat Processing		10,000		7/1/02	House	1/3/04		9,523	
2	107911	Dragush Vogli	Male	Wood Artistic Processing			7,064	7/1/02	Equipment and Guarantors	7/3/03			6,664
3	108072	Bilbil Abazi	Male	Bakery	800,000			7/1/02	Equipment and Guarantors	11/1/02	605,901		
4	107129	Tonin Gjinollari	Male	Bakery	1,500,000			7/12/02	House	1/3/03	1,500,000		
5	106080	Simon Lala	Male	Mining of granit stones		20,000		7/25/02	Shop	7/26/04		20,000	
6	100213	Gjovalin Shtjefni	Male	Printing House	1,000,000			7/31/02	Building	2/2/04	1,000,000		
7	109014	Zef Keqaj	Male	Medicinal herb processing	400,000			7/31/02	House	6/2/03	328,000		
8	100192	Arben Kolaj	Male	Dairy Processing	1,800,000			8/2/02	Equipment, land & guarantors	2/3/04	1,800,000		
9	106807	Gezim Kasemi	Male	Production of iron works	850,000			7/19/02	Building	3/19/04	850,000		
10	106080	Ndue Macaj	Male	Processing of marbles	800,000			8/8/02	Equipment & guarantors	8/8/03	800,000		
<b>Total</b>					<b>7,150,000</b>	<b>30,000</b>	<b>7,064</b>				<b>6,883,901</b>	<b>29,523</b>	<b>6,664</b>



**ANNEX 18**

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SOW FOR RICHARD L. SMITH, BANKING SPECIALIST

**Scope of Work**  
**Albania Small Business Credit and Assistance (ASBiC) Project**  
**Short-Term Specialist on Bank Guarantee Schemes**

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**Background**

Chemonics International Inc. manages the Albania Small Business and Credit Assistance (ASBiC) Project, in partnership with sub-contractors Partneri Shqiptar per Mikrokredi (PSHM) and the Regional Development Agency (RDA).

Currently, most of the commercial banks in Albania are not providing medium-term lending to SMEs. Generally, the banking system in Albania can be characterized as follows:

- Banks that do not meet the demands of SME borrowers
- There is no law directly relating to loan guarantees
- Banking supervision rules do recognize loan guarantees as part of the collateral package required by banks from borrowers.
- Banks have sufficient credit resources for lending that are inaccessible to SMEs.

One component of the ASBiC project will establish a credit guarantee scheme through which 100 SME clients will receive loans over the three-year project period. The purpose of this component will be to demonstrate how SME lending can be undertaken and its potential for profitability.

Loan guarantee schemes are operated by Land O' Lakes and by IFC both through the American Albanian Bank.

ASBiC staff have already visited a number of Albanian banks to review current lending terms and conditions. The results will be made available to the short-term specialist.

**Purpose**

The purpose of this assignment is to define the overall concept of the guarantee scheme and promote the concept to the commercial banks. The ST Specialist will consult with IFC and LOL to help to identify those commercial banks that are most open to commercial lending. Once the credit scheme is developed, he will make presentations to board members of these banks and other key decision makers to ensure full understanding, create "buy-in" and explain the bank's obligation under the scheme. The specialist will assist in the final selection of the partner bank(s).

**Period of Performance and Specific Tasks**

This assignment will begin in July 2002. It will include the following tasks:

TASK 1: Develop the final loan guarantee concept and bank selection criteria

TASK 2: Prepare a short list of potential partner banks

TASK 3: Interview and make presentations to short-listed banks

TASK 4: Review results and select partner bank(s)

TASK 5: Prepare an outline training program for bank loan officers

**Deliverables:**

DELIVERABLE 1: Presentations to board members of potential partner banks

DELIVERABLE 2: Outline training program for participating bank loan officers

DELIVERABLE 3: Report on results of the mission

**Roles and Qualifications of Technical Specialist**

To carry out the specific tasks and deliverables envisioned in this Scope of Work, the following technical expertise is required:

- Knowledge and experience of banking in transition countries
- An understanding of the special needs of SME borrowers
- Experience in identifying training needs of bank lending staff and designing training programs
- Knowledge and experience of formulating loan guarantee operating procedures.

**Reporting**

During this assignment the consultant will report to the ASBiC Chief of Party. He will be assigned to work with one of the local Business Development Specialists.

**Level of Effort**

Task 1.	1 day
Task 2.	1 day
Task 3.	4 days
Task 4.	1 day
Task 5.	3 days

**Changes in the Scope of Work**

The ASBiC Chief of Party, who in turn may be obligated to obtain approval in writing from USAID, must approve changes to this scope of work in writing.

**Proposed Technical Specialist**

Richard L. Smith





## **DRAFT – REQUEST FOR PROPOSAL (RFP)**

Date

Bank Name  
Address

Dear Mrs. / Mr.

The Albanian Small Business Credit and Assistance Program (SBCA or the 'Project') is pleased to invite your institution to consider participation in a Loan Guarantee Program (the 'Program') to stimulate commercial bank lending to small and medium enterprises (SME's) within Albania.

### **Introduction**

The European Bank for Reconstruction and Development (EBRD) estimates that 98 percent of businesses in Albania are micro or small (with fewer than 10 employees) and that these businesses account for at least 40 percent of employment in the enterprise sector, not including agriculture. The absence of appropriate credit, in many cases, prevents production type businesses from becoming competitive. In keeping with sound risk management practices, most banks in Albania have been cautious in their lending practices while to the SME sector the businesses themselves often lack the skills or experience to effectively access the bank finance they need.

In an attempt to boost technical assistance financial aid to this critical sector of the Albanian economy, the United States Agency for International Development (USAID) approved and funded a three-year grant for the SBCA Project starting on March 1, 2001. The three primary components of the Project are a) counseling, general business training, b) direct credit, and c) the Loan Guarantee program, the subject of this RFP.

After a rigorous selection process, which included some of the best-known consulting firms in the United States, USAID appointed a consortium led by Chemonics International Inc. (CI) a corporation organized and established under the laws of the District of Columbia, USA. The CI-led consortium includes, as sub-contractors, the Regional Development Agency (RDA) and Partneri Shqiptar ne Mikrokredi (PSHM). The SBCA Project began its work in Albania on March 1, 2002.

The purpose of this Request For Proposal is, through a competitive bid process, to select an Albanian bank to partner with the SBCA Project in the implementation of the USD750M Loan Guarantee Program.

### **SBCA Project Description**

The SBCA Project has been designed to fill an important gap in providing financing for entrepreneurs that need to increase productive capacity or expand productive activities to enter or serve established markets. Its purpose is to enable selected productive Albanian firms to expand or diversify by combining technical one-on-one assistance with market rate credit. The project is designed to be national in scope.

The Assistance Component has two purposes - direct business counseling and assistance and general skills training.

Loans through the Direct Credit Component shall be in a range of USD 5,000 to USD 25,000 with an estimated average of USD15,000.

Loans through the Loan Guarantee Component, which this RFP specifically addresses, can be up to USD 40,000.

The Project is national in scope.

## **Consortium Roles**

In its role as Lead Contractor, CI oversees all project goals, individual components, and subcomponents of the Project.

Chemonics is a global consulting firm that specializes in meeting needs of emerging –market countries. For more than two decades they have put their energy and talent to work for economic growth and better living standards. From business to finance, governance to the environment, Chemonics helps clients make decisions that improve people's lives. CI has operated in Albania since 1995 and it is implementing similar programs in Jordan, the Philippines, Senegal, Uganda, Peru and Mexico.

CI's senior representative (Chief of Party) on SBCA project in Albania is Jeff Houghton.

The Regional Development Agency Coordination Center (RDA), an Albanian NGO founded in 1998, has a network of 10 independent RDAs throughout Albania. They provide general business assistance, training and direct business counseling to SME's. 'Clusters' are being identified as groups of production and service enterprises and could consist of firms from a number of sectors. The SBCA Project is working with RDA to develop 'cluster models' of Albanian enterprises that will show the production cycle from raw material to finished product, and the enterprises working within each sector and cluster. The Project, in consultation with RDA and PSHM, is determining the sub-sectors to target, factors influencing the employment creation, as well as domestic and import competitiveness and growth. RDA projects will provide training to up to 2430 Albanian SME's including counseling in preparation of a business plan, loan applications and other activities and will be provided to 900 SME's during the course of the Project. The RDA network is a primary source of origination for prospective SME borrowers under the Direct Lending Component and is designed to similiary act as a primary origination source for clients included in the Loan Guarantee Program. RDA's senior representative to the SBCA Project is Mr. Ilir Rembeci.

PSHM is the Albanian affiliate of Opportunity International (OI), a Christian oriented NGO, headquartered in Oak Brook, Illinois, USA. Founded in 1971 to provide financial services to the poor, OI today manages a portfolio of almost USD 35MM in 25 countries around the world, focusing exclusively on creating employment and income opportunities through small and micro-enterprise development. PSHM has been an effective micro-lender in Albania since 1999. PSHM has a network of 8 branches throughout Albania. PSHM began offering individual loans in August 1999. This loan product with a maximum loan size LEK 1,000,000 (USD 7,369) is a fairly standard OI- Eastern Europe business loan intended to reach a diverse population of potential clients with a variety of nontraditional guarantee options. This loan product has proven highly successful. In September 2001, PSHM started an initial pilot phase, lending to productive Small Enterprises (SE) with loan size greater than USD 7,369 and loan average estimates at USD 15,000. The initial pilot phase has been highly successful, with all 20 loans recipients successfully repaying their loan on time. PSHM reported a 97 percent repayment rate from micro and SE borrowers of solidarity loans (made with little or no collateral) by the end of year 2001.

Through a new USAID grant, PSHM's role in the SBCA Project is to implement the Direct Lending component, i.e the granting of almost 386 new loans of between USD 5,000-15,000 for tenures of between 18-24 months. PSHM's Chief of Party in Albania is Mr. James Reiff.

The Albanian bank selected through this RFP process will become the valued fourth member of the SBCA Project consortium. It is anticipated that through Project resources (i.e. CI, RDA and PSHM), as well as eligible loan candidates, which the Bank itself may nominate, approximately 100 loans, will be generated between now and the final date of contract February 28, 2005. The Bank selected will have demonstrated to CI and its fellow consortium members that it has the capability to sustain SME lending activity on a nation wide basis after the contract between USAID and CI has been terminated.

## **Loan Guarantee Program Description**

As described above, the purpose of Loan Guarantee Program is to stimulate commercial bank lending to the SME sector in Albania.

The Program is designed to remove a portion of the commercial risk normally associated with SME lending. The amount of commercial risk which the Program guarantees will be dependent on a

variety of other factors which each Bank will be asked to respond in the attached Questionnaire, the primary ones being collateral and the insurance coverage required by the bank. If the Bank selected wishes for either its executives or loan officers/administrators to participate in a structured training program, the SBCA Project will custom design an appropriate training package subject to the conditions mentioned below.

The proposed Loan Guarantee Program should not be seen in any way as an alternative funding source for the Bank, in fact, this RFP assumes and will take into account that the Bank selected will have adequate liquidity to fund the entire loan activity over the life of the Program.

Based on Project estimates at this, disbursement under this Program will be as per Estimated Loan Guarantee Disbursement Chart attached

### **Preliminary Program Design**

The final design structure of the ASBCA Loan Guarantee Program will be driven by ideas contained in the proposal substructure by the selected Bank. The Project does not have no claim to having all the answers as how the best to structure this Program and is expecting further ideas from successful bank.

The following guidelines should assist you in answering the attached Questionnaire, on the understanding that specific features may change subject to your own recommendations as well as on a final contractual legal and regulatory review.

### **Total Program Amount**

Up to USD 750,000 (seven hundred fifty thousand dollars).

### **Loan Eligibility**

The primary source of the origination of loans in the Program will be from the Project, however the Bank will be encouraged to nominate its own SME prospects for eligibility. No loan will be included in the Program that is not approved by both the Project and the Bank. In addition to the Borrower's financial condition and business potential, collateral and insurance proceeds (if any) will be considered, as will the Borrower's identity and adherence to good corporate governance. Under no circumstances will the Project approve any loans under this Program for directors or employees of the Bank.

### **Security Coverage**

Should the Borrowers' condition warrant, the Guaranteed amount may, on occasions, be as high as 100%. The Bank will be urged however to consider Guarantees approaching 50% in order to ensure reaching the targeted 100 loans by the Project termination date. (Consider use of Estimated Loan Guarantee Disbursement Chart attached).

### **Mechanism**

a) During the Implementation Period, the Project will open a USD account (the "Holding Account") at the Bank in the Project's name to receive funds from USAID in Washington D.C.USA.

b) At the same time, the Project and the Bank together will open two additional accounts, one in USD and in Local Currency (LCY) (the "Guarantee Accounts"). These accounts also should be interest bearing at a rate determined by the Bank. As each eligible loan is approved, the Project shall fund the appropriate Guarantee Account (USD or LCY) in an amount commensurate with the agreed guaranteed amount. In the event of default by the Borrower, the Bank may debit the appropriate Guarantee Account providing prior written Project approval has been obtained.



### **Required Documentation**

a) Project: The Project's goal is to have sufficient documentation on each Borrower and Loan so as to ensure compliance with prudent banking practice as well as BANK OF Albania requirements in this respect (Appendix 2).

b) Bank: Should the Bank have additional documentation requirements which exceed those required by the Project and the Bank of Albania, they should be listed in the attached Questionnaire.

### **Credit Monitoring**

Once a loan has been disbursed under the Loan Guarantee Program, the Project will maintain regular follow-up contact with each Borrower. The Project would be pleased however of the Bank chooses to share in this monitoring process in a manner that is mutually satisfactory to both parties.

### **Associated Transactional Flows**

Borrower's loan disbursements and collections plus other transactional flows.

### **Term, Maturity Dates and Final Loan Origination Date**

No loan Guarantee Program with a tenor exceeding two years and then only when prudent risk parameters have been considered during the eligibility process. For any loan that is disbursed on or subsequent to March 1, 2003 whose term exceeds the Project Termination Date (Feb 28, 2005), the Project and the Bank shall agree that the funds held in the appropriate Guarantee Accounts for such loans continue to be held on guarantee until the repayment or workout has been concluded. The Project will ensure that its signatories to the Guarantee Accounts are available for dual release after the Project terminates. It is probably that the Project will be extended to Feb. 28, 2007.

### **Liquidity Risk**

The Project shall assume that the Bank will have sufficient liquidity throughout the Program to ensure funding of approved loans.

### **Interest Rate Risk**

It is anticipated that the interest on loans, whether in USD or in LCY, will be periodically reset (floating) over some mutually recognizable benchmark. Borrowers are expected to bear all interest rate risk in this Program. The Bank shall be responsible for setting the interest rate for each loan subject to the conditions agreed in final negotiation with the Project. The Project would expect that for USD loans a spread of LIBOR plus would apply while for LCY loans should be priced at a spread over Albanian Treasury Bill. Both rates will, of course, depend on the tenor of loans being made and the reset mechanism that is agreed (3 months, 6 months, etc). The attached Questionnaire asks each Bank to make its interest rate offers subjects to such benchmarks.

### **FX Risk**

Is the Bank prepared to manage the Foreign Exchange risk?

### **Comprehensive Pricing**

Unbundled or bundled

## **Jurisdiction**

Any final Agreement between the Project and the Bank shall be subject to the laws of Albania or as specified in the contract.

## **Training**

As stated above, if requested, the Project would be pleased to provide the Bank with customized training in the origination, processing, and monitoring of SME lending. This offer is subject to certain restrictions in terms of time and number of people to be trained but, when agreed, will be provided at no cost to the Bank. This training would be conducted within Albania.

## **Selection Process**

This RFP has been sent to those Albanian banks which:

- expressed an interest during the Preliminary Interview stage,
- the Project considers to have sufficient capability to perform the role, and
- are not prohibited under Albanian banking law from making loans to the private sector.

Included is a detailed Questionnaire, which you are requested to complete and return to Ms. Arjana Xhafa, the Credit Development Manager, at the SBCA Tirana office no later than 17:00 on Saturday, August 03, 2002. The responses to this Questionnaire will be very important in terms of narrowing the selection of potential candidates.

Between now and that date Ms. Xhafa and/or, Mr. Jeff Houghton, will be pleased to answer any questions concerning Chemonics, its consortium members, the overall SBCA Project, or the Loan Guarantee Program itself. Should your bank require more in-depth information from existing consortium members, RDA or PSHM, please make your request through Ms. Xhafa. Contact details for Ms. Xhafa and Mr. Houghton are included as Appendix 3.

Following the Project's evaluation of the completed Questionnaires, certain banks (but not all who receive this RFP) will be invited to SBCA premises for an interview. If your Bank is requested to attend these interviews, they will be scheduled either in the morning or afternoon of August 2, 5, 6 and should take no more than 2 hours each.

The Project's recommendation on which Bank to select will be made by Friday, August 8 and will be subject to final USAID approval. You will be informed of the final result.

Following Bank selection, a preliminary Implementation Meeting will be held and a formal Implementation schedule agreed.

The Project anticipates that the Loan Guarantee Program will be operational (i.e. available for booking first eligible loans) by no later than 1 October 2002.

We thank you for your interest in the SBCA Project and look forward to receiving your completed Questionnaires.

Sincerely,

---

Jeff Houghton  
Chief of Party

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Arjana Xhafa  
Credit Development Manager

## **ATTACHMENTS (LIST)**

**Appendix 1:** Estimated loan Guarantee Disbursement

**Appendix 2:** List of documents required

**Appendix 3:** SBCA information

## **APPENDIX 2**

List of documents required by SBCA from each client:

- Notarized copy of legal documents :
  1. Statute and act of incorporation
  2. Court Decision
  3. License
  4. Tax identification Code (NIPT)
- Business plan
- Copy of financial information including Balance Sheet or client book keeping records for the last financial year and for the first six months of the year if the client is applying in the second half of the year
- Copy of any contracts that the client has with suppliers and/or receipts.
- A notarized copy of the Property Certificate
- If the client is using movable property as collateral, a notarized copy of the customs clearance or invoice is required
- Bank Account statement of the Client for the last financial year up to the date of application

If practicable, evidence from the Prosecutor's Office that the client has no outstanding court orders

**APPENDIX 3****Information on SBCA Project**

<b>Address:</b>	Rruga "Ismail Qemali", Godina "Fratari", Pallati 25, 8 <sup>th</sup> floor, No.31, Tirana, Albania
<b>Office Telephone:</b>	+ 355-4-271-475/6/7
<b>Fax:</b>	+ 355-4-271-478
<b>Chief of Party:</b>	Jeff Houghton
<b>Mobile:</b>	069-20-92-201
<b>Credit Development Manager:</b>	Arjana Xhafa
<b>Mobile:</b>	068-22-28-476

## **ALBANIA SMALL BUSINESS CREDIT AND ASSISTANCE PROGRAM**

### **Loan Guarantee Program Questionnaire**

- All statistical information should be from December 31, 2001 unless there has been material change since that time.
- Currency of expression should be Albanian Lek unless otherwise stated.
- Please attach additional pages if space below is inadequate.

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### **General Information**

What is Bank Name/ Address/ Phone/Fax:

Website (if any):

Who are Principal Shareholders?

Who is General Manager? Please provide an organization chart for the Bank.

What are Branch network within Albania? (List here or include as an attachment of numerous)

What are Total Assets?

What is Regulatory Capital?

Who is External Auditor (since a year)?

Note: Please include the Bank's audited financial statements (in English) when returning this completed Questionnaire to SBCA.

What are credit risk management procedures?

### **Current SME Lending Experience (if any), please describe**

What year program started?

What is your Bank definition of SME lending (by employees, revenue, assets, loan size)

Who is SME Project Leader in the Bank?

What is the line of authorities from SME Project Leader to General Manager? (Is this shown in the organization chart?)

What is the number of personnel dedicated (full time to SME lending)?

What is the level of SME-specific training received and from whom?

What is SME loan outstanding?

What is average collateral / insurance levels utilized?

What is the currency of loans?

What are the interest rates currently charge?

What is the repayment history of the SME portfolio?

### **SBCA Loan Guarantee Project**

Who is the primary person with whom SBCA should be dealing for the remainder of this Program (name, title, phone, fax, email)?

What is the reporting line of the person nominated above to General Manager?

Do you expect to nominate eligible SME Borrowers? (Yes or no, if yes, please indicate source of origination, and number and frequency anticipated over the life of the Program).

Is further training is required for SME staff? (Yes or no, if yes please describe level and type of specific SME training required).

What interest rates will be paid for program's operational accounts?

- Project's USD Holding Account;
- Jointly Held USD Guarantee Account;
- Jointly Held LCY Guarantee Account;

Please specify to whom the interest on the above accounts would accrue, and any additional fees or commissions which would apply to the operation of the above accounts.

What is the required collateral/insurance levels required for SME loans in your bank? (Please list/describe individual items required and indicate whether they are a Bank of Albania requirement).

What interest rates will be charged on SME loans that would be eligible for guarantees under this Program?

- USD (please quote a spread over LIBOR and indicating tenor (3,6 months));
- USD Penalty (same as above);
- LCY (please quote a spread over Albanian T-bills indicating tenor);
- LCY Penalty (same as above)?

What are your requirements for business Borrower? E.g. maintaining a checking account with the Bank etc associated transaction flows (Yes or no, if yes please describe other banking business required and how it would be priced)?

Are there any additional fees or commissions that might apply to granting of SME loans under the SBCA Loan Guarantee Program?

Are you willing to participate with SBCA Project in the joint monitoring of guaranteed loans (Yes or no, if yes please describe)?

Will SME lending become a core activity of your Bank in future years and would you be willing to continue this Program once the guarantee period has expired (Yes or no, if yes describe)?

Please use the remaining space to express any additional suggestions/recommendations about proposed structure and/or how your bank might add value to the proposed Program:

Signed\_\_\_\_\_

Date\_\_\_\_\_

**ANNEX 20**

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SOW FOR SHORT-TERM BANKING SPECIALIST

**Scope of Work**  
**Albanian Small Business Credit and Assistance Program (SBCA)**  
**Short Term Bank Training Specialist**

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**Background**

The Albanian Small Business and Credit Assistance Program (SBCA) is managed by Chemonics International (CI) Inc., in partnership with the sub-contractors Partneri Shqiptar në Mikrokredi (PSHM) and the Regional Development Agency Network (RDAs).

During July and August 2002 SBCA conducted a process for the selection of the Albanian bank that would be SBCAs manage and implement the loan guarantee component of the Project and be CIs third partner. SBCAs target for the Guarantee component is to make 100 loans (in the range of \$15,000 to \$50,000) before the end of February 2005.

After a rigorous and transparent two-month selection process, Banka Kombetare Tregtare (BKT) was selected, with USAID's endorsement, as SBCAs partner Guarantee Bank on August 7, 2002.

Part of the selection process involved assessing the candidate bank's attitude to training. BKT were particularly interested in their SME lending staff receiving training in loan application evaluation techniques. PSHM loan officers and RDA directors will also be included in the training.

The SBCA project has a sub-sectoral or cluster focus. Identified clusters will be groups of production and service enterprises within a sector or sub sector. BKT has specifically requested that the SBCA clustering approach is included in the bank training. This will be delivered by existing SBCA staff.

**Purpose**

The overall purpose of the mission is to deliver training to at least 40 SME lending officers from Banka Kombetare Tregtare (BKT), and PSHM and RDA directors. There will two training groups, of around 15 people, from BKT, and a third training group of RDA Directors and PSHM loan officers.

**Period of Performance and Specific Tasks**

This assignment will begin on October 7, 2002 and end on October 25. It will include the following tasks:

- |         |   |
|---------|---|
| TASK 1. | To Design an SME-lending training program for delivery to at least 30 SME lending officers from (BKT).  |
| TASK 2. | To design at least two actual case studies based upon loan proposals approved by BKT and to incorporate these case studies into the training program. |



TASK 3. To discuss and agree the final content of the training with BKT.

### **Deliverables**

DELIVERABLE 1. Two three-day training sessions for BKT Lending officers and one two-day training session for RDA/PSHM/SBCA staff.

DELIVERABLE 2. Written report on results of training and recommendations for further BKT staff training

### **Roles and Qualifications of Technical Specialist**

In regards to specific tasks and deliverables envisioned in this Scope of Work, the following technical expertise is required:

- Knowledge and substantial experience in lending to small businesses
- Experience in designing and implementing SME loan and guarantee programs in a number of transitional countries and LDCs
- Experience in delivering training to middle level bank employees
- Extensive senior management level banking experience

### **Reporting**

During this assignment the consultant will report to the SBCA Chief of Party.

### **Level of Effort**

Task 1.	3 days
Task 2.	2 days
Task 3.	1 day
Deliverable 1.	8 days
Deliverable 2.	1 days

### **Changes in the Scope of Work**

The SBCA Chief of Party, who in turn may be obligated to obtain approval in writing from USAID, must approve changes to this scope of work in writing.

### **Proposed Technical Specialist**